Dundee Precious Metals Announces 2017 First Quarter Results

5/3/2017

TORONTO, ONTARIO--(Marketwired - May 3, 2017) - Dundee Precious Metals Inc. (TSX:DPM)

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

FIRST QUARTER FINANCIAL AND OPERATING HIGHLIGHTS:

- **Metals production -** Achieved gold and copper production of 46,371 ounces and 8.2 million pounds, respectively, in line with our 2017 guidance;
- **Smelter -** Annual maintenance shutdown in February limited throughput to 41,635 tonnes of complex concentrate, which is in line with 2017 guidance;
- **Near term growth opportunities -** Construction at Krumovgrad remains on track with first concentrate production scheduled for the fourth quarter of 2018; and
- **Financial position -** Closed $33 million EBRD equity issuance and exited the quarter with approximately $311 million of cash resources, including the undrawn portion of DPM's long-term revolving credit facility.

Dundee Precious Metals Inc. ("DPM" or the "Company") today reported a first quarter net loss attributable to common shareholders from continuing operations of $12.5 million ($0.07 per share) compared to $3.8 million ($0.03 per share) for the same period in 2016. Net loss attributable to common shareholders from discontinued operations was $nil ($nil per share) in the first quarter of 2017 compared to $2.3 million ($0.01 per share) for the same period in 2016.

Net loss attributable to common shareholders from continuing operations for the first quarter of 2017 was impacted by net after-tax losses of $6.3 million (2016 - $2.5 million) related to several items not reflective of the Company's underlying operating performance, including unrealized losses on commodity swap and option contracts entered into to hedge a portion of future production, unrealized losses and gains on the forward point component of the forward foreign exchange contracts entered into to hedge a portion of foreign denominated operating costs and capital expenditures, and net gains on Sabina special warrants, each of which are excluded from adjusted net loss.

Adjusted net loss(1) in the first quarter of 2017 was $6.2 million ($0.04 per share) compared to $1.3 million ($0.01

per share) in the first quarter of 2016. The higher adjusted net loss was due primarily to lower volumes of complex concentrate smelted as a result of the timing of the Ausmelt furnace maintenance shutdown, higher treatment charges and transportation costs at Chelopech due to a greater proportion of concentrate delivered to Tsumeb, and higher cost per tonne copper concentrate sold as a result of lower copper grades. These unfavourable variances were partially offset by higher volumes of payable gold in concentrate sold as a result of the timing of shipments in 2016, which resulted in a lower gold bearing copper concentrate being sold in the first quarter of 2016, as well as higher realized metal prices.

"Chelopech performed well this quarter with metals production and cash costs in line with guidance. Tsumeb completed its Ausmelt furnace maintenance shutdown, has been performing well following this shutdown and is expected to meet guidance. Construction at Krumovgrad is progressing as planned and remains on track for first concentrate production in the fourth quarter of 2018," said Rick Howes, President and CEO. "With $311 million in cash resources following the recent EBRD investment, forecast free cash generation, and a strong balance sheet, we are well positioned financially."

Adjusted EBITDA

Adjusted EBITDA(1) during the first quarter of 2017 was $13.5 million compared to $21.5 million in the corresponding period in 2016, driven primarily by the same factors affecting adjusted net loss, except for depreciation, interest and income taxes, which are excluded from adjusted EBITDA.

Production

Copper concentrate produced during the first quarter of 2017 of 23,510 tonnes was 20% lower than the corresponding period in 2016 due primarily to lower copper grades and recoveries. Pyrite concentrate produced during the first quarter of 2017 of 56,757 tonnes was 4% lower than the corresponding period in 2016. These results were in line with the mine plan.

Gold contained in copper and pyrite concentrate produced in the first quarter of 2017 of 46,371 ounces was comparable to the corresponding period in 2016. In the first quarter of 2017, copper production decreased by 23% to 8.2 million pounds and silver production decreased by 25% to 51,635 ounces, in each case, relative to the corresponding period in 2016. The decreases in copper and silver production were due primarily to lower grades and recoveries.

Complex concentrate smelted during the first quarter of 2017 of 41,635 tonnes was 27% or 15,787 tonnes lower than the corresponding period in 2016 due primarily to the timing of the Ausmelt furnace maintenance shutdown that took place in February, compared to June in 2016, and resulted in 24 days of downtime in the period.

Deliveries

Deliveries of copper concentrate during the first quarter of 2017 of 25,516 tonnes were comparable to the corresponding period in 2016. Deliveries of pyrite concentrate in the first quarter of 2017 of 66,129 tonnes were also comparable to the corresponding period in 2016.

In the first quarter of 2017, payable gold in concentrate sold increased by 37% to 43,478 ounces, payable copper decreased by 2% to 8.3 million pounds and payable silver increased by 32% to 42,429 ounces, in each case, relative to the corresponding period in 2016. The increase in payable gold was due primarily to the timing of shipments in 2016, which resulted in a lower gold bearing copper concentrate being sold in the first quarter of 2016.

Cost measures

Cost of sales in the first quarter of 2017 of $62.9 million was $5.9 million higher than the corresponding period in 2016 due primarily to the timing of shipments, higher cost per tonne copper concentrate sold in the quarter as a result of lower copper grades, and higher operating expenses related to contractors, consumables and labour at Tsumeb, partially offset by lower depreciation at Tsumeb as a result of changes in the estimated useful lives for certain assets and the impairment charge taken in the fourth quarter of 2016.

Cash cost per ounce of gold sold, net of by-product credits(1), during the first quarter of 2017 of $582 was $10 higher than the corresponding period in 2016. This slight increase was due primarily to higher cost per tonne copper concentrate sold and higher treatment charges and transportation costs, partially offset by higher volumes of payable gold in concentrate sold and higher by-product prices.

All-in sustaining cost per ounce of gold(1) in the first quarter of 2017 of $710 was $16 lower than the corresponding period in 2016. This decrease was due primarily to higher volumes of payable gold in concentrate sold, higher by-product prices and lower cash outlays for sustaining expenditures, partially offset by higher cost per tonne copper concentrate sold, higher treatment charges and transportation costs, and higher allocated general and administrative expenses.

Cash cost per tonne of complex concentrate smelted, net of by-product credits(1), during the first quarter of 2017 of $552 was 64% higher than the corresponding period in 2016 due primarily to lower volumes of complex concentrate smelted as a result of the timing of the Ausmelt furnace maintenance shutdown and higher operating expenses related to contractors, consumables and labour.

Cash provided from operating activities of continuing operations

Cash provided from operating activities in the first quarter of 2017 was $34.6 million compared to $5.5 million in the corresponding period in 2016. This increase was due primarily to favourable changes in non-cash working capital, which more than offset lower overall operating results.

Cash provided from operating activities, before changes in non-cash working capital(1), during the first quarter of 2017 was $17.0 million compared to $30.7 million in the corresponding period in 2016.

Capital expenditures

Capital expenditures during the first quarter of 2017 totaled $22.0 million compared to $11.4 million in the corresponding period in 2016.

Growth capital expenditures(1) during the first quarter of 2017 were $16.3 million compared to $7.1 million in the corresponding period in 2016 due primarily to the construction of the Krumovgrad gold project, which started in the fourth quarter of 2016, partially offset by the completion of the new copper converters at Tsumeb in the first quarter of 2016. Sustaining capital expenditures(1) during the first quarter of 2017 were $5.7 million compared to $4.3 million in the corresponding period in 2016 and were in line with 2017 guidance.

Financial position

In January 2017, the Company completed a non-brokered private placement with the European Bank for Reconstruction and Development ("EBRD"), pursuant to which the Company issued 17,843,120 common shares of the Company at a price of Cdn$2.45 per share for gross proceeds of $33.2 million (Cdn$43.7 million).

As at March 31, 2017, DPM had cash of $35.6 million, an investment portfolio valued at $30.5 million and an undrawn $275 million committed long-term revolving credit facility.

2017 Guidance

The Company's guidance for 2017 is set out in the following table:

$ millions, unless otherwise indicated	**Chelopech**	**Tsumeb**	**Consolidated**
Ore mined/milled ('000s tonnes)	2,040 - 2,200	-	2,040 - 2,200
Complex concentrate smelted ('000s tonnes)	-	210 - 240	210 - 240
Metals contained in concentrate produced(1),(2)			
Gold ('000s ounces)	157 - 174	-	157 - 174
Copper (million pounds)	33.7 - 37.0	-	33.7 - 37.0
Payable metals in concentrate sold(1)			
Gold ('000s ounces)	135 - 150		135 -150
Copper (million pounds)	32.0 - 35.0	-	32.0 - 35.0
Cash cost per tonne of ore processed ($)(3),(4)	32 - 36	-	32 - 36
Cash cost per ounce of gold sold, net of by-product credits ($)(3),(4),(5)	670 - 810	-	670 - 810
All-in sustaining cost per ounce of gold ($)(3),(4),(5)	-	-	840 - 965
Cash cost per tonne of complex concentrate smelted, net of by-product credits ($)(3),(4)	-	400 - 485	400 - 485
General and administrative expenses(3),(6)	-	-	18 - 22
Exploration expenses(3)	-	-	7 - 9
Sustaining capital expenditures(3),(4)	13 - 15	12 - 17	25 - 32

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1) Gold produced includes gold in pyrite concentrate produced of 42,000 to 47,000 ounces and payable gold sold includes payable gold in pyrite concentrate sold of 27,000 to 30,000 ounces.
2) Metals contained in concentrate produced are prior to deductions associated with smelter terms.
3) Based on foreign exchange rates and, where applicable, metal prices that approximate current rates and prices. The assumed copper price reflects the impact of 92% of 2017 payable copper production being hedged at $2.40 per pound. The assumed Euro and ZAR exchange rates reflect the impact of the forward foreign exchange contracts.
4) Cash cost per tonne of ore processed, cash cost per ounce of gold sold, net of by-product credits, 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 GAAP. Refer to the "Non-GAAP Financial Measures" section of this MD&A for reconciliations to IFRS.
5) Includes the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate, and payable gold in pyrite concentrate sold. Cash cost per ounce of gold sold, net of by-product credits, excluding payable gold in pyrite concentrate sold and related costs, is expected to range between $640 and $790 in 2017. All-in sustaining cost per ounce of gold, excluding payable gold in pyrite concentrate sold and related costs, is expected to range between $850 and $985 in 2017.
6) Excludes mark-to-market adjustments on share-based compensation.

For 2017, the majority of the Company's growth capital expenditures are primarily focused on the construction of the Krumovgrad gold project and are expected to range between $116 million and $140 million.

The 2017 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.

Gold and copper production in the first quarter of 2017 was in line with the 2017 mine plan. Over the balance of 2017, quarterly gold production is expected to be similar to the first quarter and copper production is expected to be higher as a result of mining higher grade zones in the planned mining sequence for 2017. Based on the current forecast, Chelopech production and cash costs are expected to achieve the upper and lower ends, respectively, of its 2017 guidance.

At Tsumeb, the first quarter throughput was impacted by the advancement of the Ausmelt furnace maintenance shutdown into February from the original May/June timing to address accelerated refractory wear. Aligning the Ausmelt furnace maintenance shutdown with the first converter relines, scheduled for February, allowed the smelter to advance the installation of a matte holding furnace, which is expected to improve operational stability and performance. Good progress was made on converter and Ausmelt furnace optimization through the quarter. For 2017, Tsumeb throughput is expected to increase by approximately 5% to 20% over 2016 as a result of increased availability of the Ausmelt furnace, ongoing converter and Ausmelt furnace improvement initiatives and the introduction of a matte holding furnace in the second quarter of 2017. Tsumeb remains on track to meet 2017 guidance.

Further details can be found in the Company's MD&A under the section "2017 Guidance".

(1) Adjusted net loss, adjusted basic loss per share, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), cash provided from operating activities, before changes in non-cash working capital, cash cost per ounce of gold sold, net of by-product credits, all-in sustaining cost per ounce of gold, cash cost per tonne of complex concentrate smelted net of by-product credits, 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 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 2017	2016
Revenue(1)	**74.6**	70.1
Cost of sales(1)	**62.9**	57.0
Loss before income taxes(1)	**(11.5)**	(3.7)
Net loss from continuing operations attributable to common shareholders	**(12.5)**	(3.8)
Basic loss per share from continuing operations	**(0.07)**	(0.03)
Net loss attributable to common shareholders	**(12.5)**	(6.1)
Basic loss per share attributable to common shareholders	**(0.07)**	(0.04)
Adjusted EBITDA(1),(2)	**13.5**	21.5
Adjusted net loss(1),(2)	**(6.2)**	(1.3)
Adjusted basic loss per share(2)	**(0.04)**	(0.01)
Cash provided from operating activities(1)	**34.6**	5.5
Cash provided from operating activities, before changes in non-cash working capital(1),(2)	**17.0**	30.7
Metals contained in copper and pyrite concentrate produced(1):		
Gold (ounces)(3)	**46,371**	46,818
Copper ('000s pounds)	**8,179**	10,578
Silver (ounces)	**51,635**	69,210
Tsumeb - complex concentrate smelted (mt)	**41,635**	57,422
Payable metals in copper and pyrite concentrate sold(1):		
Gold (ounces)(4)	**43,478**	31,747
Copper ('000s pounds)	**8,316**	8,523
Silver (ounces)	**42,429**	32,104
Cash cost per tonne of ore processed ($)(2)	**33.29**	34.04
Cash cost per ounce of gold sold, net of by-product credits ($)(2)	**582**	572
All-in sustaining cost per ounce of gold ($)(2)	**710**	726
Cash cost per tonne of complex concentrate smelted at Tsumeb, net of by-product credits ($)(2)	**552**	337

1) Information relates to continuing operations.
2) Adjusted EBITDA; adjusted net loss; adjusted basic loss per share; cash flow provided from operating activities, before changes in non-cash working capital; cash cost per tonne of ore processed; cash cost per ounce of gold sold, net of by-product credits; 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 MD&A for reconciliations to IFRS measures.
3) Includes gold contained in pyrite concentrate produced in the first quarter of 2017 of 13,698 ounces compared to 13,431 ounces for the corresponding period in 2016.
4) Includes payable gold in pyrite concentrate sold in the first quarter of 2017 of 9,740 ounces compared to 9,713 ounces for the corresponding period in 2016.

DPM's unaudited condensed interim consolidated financial statements and MD&A for the three months ended March 31, 2017, are posted on the Company's website at **www.dundeeprecious.com** and have been filed on SEDAR at **www.sedar.com**.

The Company will hold a call and webcast to discuss its first quarter results on Thursday May 4, 2017 at 9:00 a.m. (E.S.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.

First Quarter 2017 Call and Webcast (Listen/View only)

Date:	Thursday, May 4, 2017
Time:	9:00 am EST
Webcast:	**http://edge.media-server.com/m/p/af384njn**
Canada and USA Toll Free:	1-866-223-7781
Outside Canada or USA:	416-340-2216
Replay:	905-694-9451
Replay Passcode:	8804791#

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, Serbia, and northern Canada, 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, and its 10.5% interest in Sabina Gold & Silver Corp.

Cautionary Note Regarding Forward Looking Statements

This press release 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 estimated capital costs, operating costs and other project economics with respect to Krumovgrad; 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 rotary furnace installation; the 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, 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. 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", "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 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 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; 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; 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; 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 AIF) 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. 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.

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