

**UPDATED FEASIBILITY STUDY REAFFIRMS COMMERCIAL VALUE OF
PROPOSED CHELOPECH EXPANSION PROJECT**

(All amounts have been expressed in US Dollars except where otherwise indicated)

Toronto, March 26, 2009 – Dundee Precious Metals Inc. (DPM, DPM.WT, DPM.WT.A – TSX) (“DPM” or “the Company”) is pleased to report the results of the update to the existing definitive feasibility study (the “DFS”) of the Chelopech mine expansion and metals plant project (the “Project”) in Bulgaria undertaken in cooperation with GRD Minproc Ltd. (“Minproc”) and Coffey Mining Pty Ltd. (“Coffey”).

“We are extremely pleased with the results of the update to the 2005 feasibility study on our Chelopech expansion project which confirms the commercial viability of the project and indicates an internal rate of return of over 27%”, stated Jonathan Goodman, President and CEO. The company is now working on completion of permitting, project financing and the implementation plan for the project taking into account the flexibility that we have gained from our smelter agreement announced in late December. This will enable us to focus our spending on maximizing cash flows from the mine and allow an orderly construction of the metals plant, in a manner that best enhances shareholder value.”

Project Highlights	2012 – 2018 ⁽¹⁾
Average annual mine production	2 million tonnes
Average annual concentrate production	150,000 tonnes
Average annual gold production	139,568 oz
Average annual copper production	47.9 million lbs
Total cash cost/tonne ore processed ⁽²⁾	\$52.40
Total cash cost per oz gold (<i>copper co-product basis</i>) ⁽²⁾	\$430
Total cash cost per oz gold (<i>net of copper credit</i>) ⁽²⁾	\$152
Total cash cost per lb copper (<i>copper co-product basis</i>) ⁽²⁾	\$0.94
Capital costs from January 2009 ^{(2), (3)}	\$216 million
Sustaining capital ⁽²⁾	\$63 million
Average annual EBITDA ⁽⁴⁾	\$90 million

Item	Life of Mine
Total gold production (oz)	1,506,179
Total copper production (M lbs)	517.7
NPV at a discount rate of 7.5%, after tax	\$238 million
Internal Rate of Return, after tax (IRR) ⁽⁵⁾	27.7%
Payback Period, after tax (<i>from 2011 startup</i>)	2.8 years
Mine Life	12 years

(1) *Representative period. Based on current Mineral Reserves, the Project has a mine life of 12 years assuming an annual operating rate of 2 million tonnes ore.*

(2) *Accuracy of +/- 10%, assumes US\$1.35 = 1 Euro.*

(3) *Excludes sunk capital of \$101.5 million.*

(4) *Assuming gold, copper and silver prices of \$800/oz, \$1.75/lb and \$11.00/oz, respectively.*

(5) *IRR sensitivity to: (i) +/- \$100/oz change in average gold price is +/- 6.4%; (ii) +/- \$0.15/lb change in copper price is +/- 3.3%; and (iii) +/- 10% change in Euro exchange rate is +/- 6%.*

Mineral Reserves and Resources

The updated Chelopech mineral resource envelope prepared by Coffey was optimized using Datamine's Mineable Resource Optimizer software. This software program is designed to produce an optimum ore boundary based on specified mining constraints. The stope optimization process, combined with the selection of a lower cut-off grade of 3.2 g/t gold equivalent (versus 4.0 g/t gold equivalent), has increased the Mineral Reserves of the Project from approximately 22 million tonnes, as reported in December 2005, to over 24 million tonnes, taking mining depletion into account. Contained metal has increased from 2.5 million ounces of gold and 661.4 million pounds of copper, as reported in December 2005, to 2.9 million ounces of gold and 687.9 million pounds of copper. Over the three year period since December 2005, replacement of the reserve tonnage has exceeded depletion by 12% and contained gold and copper metal in reserves have increased by approximately 17% and 4%, respectively.

Chelopech – Mineral Reserves as at December 2008					
3.2g/t AuEq Cut-Off Grade					
Category	Tonnes (M)	Gold		Copper	
		Grade (g/t)	Ounces (M)	Grade (%)	Pounds (M)
Proven	11.68	3.89	1.46	1.42	366.03
Probable	12.69	3.53	1.44	1.15	321.86
Total	24.37	3.70	2.90	1.28	687.89

- (1) Cut-off Grade Equivalent Gold is based on the following formula: $Au (g/t) + 2.5 \times Cu (\%)$.
 (2) Stated Mineral Reserves are completely included within the quoted Mineral Resources.

The Measured and Indicated Resources reported below were used as the basis of the Mineral Reserve determination.

Chelopech - Mineral Resources as at December 2008							
3.2g/t AuEq Cut-Off Grade							
Category	Tonnes (M)	Gold (Au)		Copper (Cu)		Silver (Ag)	
		Grade (g/t)	Ounces (M)	Grade (%)	Pounds (M)	Grade (g/t)	Ounces (M)
Measured	15.70	4.1	2.07	1.47	508.9	10.8	5.45
Indicated	19.08	3.52	2.16	1.10	462.6	7.42	4.55
M&I	34.78	3.78	4.23	1.27	971.5	8.94	10.00
Inferred	9.79	2.72	0.86	0.87	187.8	11.44	3.60

Project Background

DPM has operated the copper/gold mine and ore concentrating facility located at Chelopech, Bulgaria, since late 2003. The concentrate produced contains a high concentration of arsenic which limits the opportunities for sales to third party smelters and reduces the realizable return on the value of the metals contained in the concentrate. To overcome these constraints, and maximize the potential economic value of the complex, DPM proposes to increase mine production and construct a facility to produce copper and gold metals for direct sale to end users. This process will also convert the arsenic present in the concentrate into an environmentally stable form suitable for safe disposal into a tailings management facility ("TMF") located on site.

This proposal was originally presented in 2005, in the form of a definitive feasibility study (the "2005 DFS"), also prepared by Minproc, which covered the proposed Project. This Project has continuously advanced since then. Detailed engineering is now complete and permitting has progressed since the approval of the environmental impact assessment ("EIA") by the Bulgarian Government in July 2008.

The updated DFS includes the upgrade of the existing mine and concentrator, the new metals production facility ("MPF"), upgrade of existing infrastructure and associated facilities proposed to be added or upgraded as part of the Project.

The Project

The Project is anticipated to produce, on average, 47.9 million pounds of copper metal and 139,568 ounces of gold doré per annum, from 2012 to 2018, at the designed mining rate of two million tonnes of ore per annum. Processing will be carried out by grinding, flotation, pressure oxidation ("POX"), solvent extraction and electrowinning ("SX/EW") for copper, and carbon in leach ("CIL") cyanidation of the residue for gold recovery. Following CIL, the solid tailings containing the stabilized arsenic minerals will be subjected to "cyanide destruction" to ensure compliance with the maximum levels allowed by European Union and Bulgarian legislation, prior to deposition in a fully lined tailings depository.

The Project comprises:

- Expansion of mine production capacity to 2.0 million tonnes per year (Mt/a);
- Modernization and upgrade of the existing concentrator to treat the mined tonnage and produce up to 150,000 tonnes of concentrate per year;
- Installation of an MPF that incorporates POX, CIL and SX/EW to treat the copper gold concentrate and produce copper cathode and gold doré; and
- Upgrade of the existing TMF and construction of a new facility for storage of POX-CIL tailings.

The engineering for the mine, process plant and infrastructure has been developed to support a capital cost estimate, as well as an operating cost estimate, to an accuracy of $\pm 10\%$. The capital and operating costs consider the mining, processing, general administration costs and environmental implications and are in fourth quarter 2008 ("Q4 2008") United States Dollars (US\$).

Life of Mine Production Assumptions	
Item	Through 2020
Total Quantity Ore Mined/Milled	21.9 million tonnes
Average Grades	
Gold	3.84 g/t
Copper	1.31%
Concentrate Recoveries	
Gold	58.2%
Copper	85.3%
MPF Recoveries	
Gold	95.0%
Copper	95.0%

Metal Processing Facility

Several comprehensive testwork programs have been completed on samples representing various Chelopech ore types. The testing included batch and continuous pilot scale programs for the mineral processing and hydrometallurgical aspects of the concentrator upgrade and MPF.

These results were used as the basis for development of the MPF process flow sheet, process design criteria, mass balance model and equipment sizing.

Minproc commenced and managed a comprehensive testwork program as part of the 2005 DFS. This program followed on from a limited batch testing program conducted during 2003 as part of the earlier pre-feasibility level due diligence study and continued until November 2005.

The key results of the testwork program were:

- Confirmation that the high copper and gold extraction results obtained in earlier due diligence phase batch testing (approximately 95% Cu, and 90-95% Au) are achievable on a range of Chelopech concentrates, including future samples derived from bulk flotation of representative composites of drill core from the three major ore zones of the deposit (Blocks 19, 150 and 151);

- Identification of process conditions and an overall process flow sheet which can deliver these extractions at optimal reagent consumptions and, preferably, in a single train POX plant; and
- Confirmation of the process performance and design criteria of the key circuits.

Included in this program was characterization and flotation of run-of-mine ore and a number of stope and drill core ore samples from the Chelopech resource, characterization of two limestone samples from potential Bulgarian suppliers near the Chelopech site and environmental testing of barren liquors and residues following the recovery of copper and gold. Commissioned by DPM, the bulk of this testwork was conducted in three laboratories: SGS Lakefield-Oretest and Ammtec in Perth, Australia and Dynatec at Fort Saskatchewan in Canada.

Tailings Management

Two TMFs will be operated for the Project. The existing TMF ("Flotation TMF") will be upgraded to meet modern environmental standards and will continue to be used for storage of the flotation tailings together with a gypsum waste stream from the new facility. This facility has sufficient storage to provide over 20 years life at the proposed production rate.

A new TMF ("New TMF"), in two separate cells, will be built upstream of the Flotation TMF to provide storage for the tailings from the cyanide circuit. This will be a fully lined facility.

The Project engineering and planning have been certified by The International Cyanide Management Institute as being compliant with the International Cyanide Management Code. The New TMF and water balance for the Project were included in this certification. An operating audit is scheduled to be carried out once the Project is in operation to provide for an operational certification. The New TMF is also engineered to be compliant with the European directives on safety and the management of waste from the extractive industry.

Community Consultation

The Chelopech mine is located in an area with a large mining industry and currently employs over 900 people. DPM has made a great effort to improve community consultation and involvement since taking over ownership of the mine.

Land Purchase

The implementation of the Project requires acquisition of land for the New TMF, site access, expansion of the new MPF and some buffer zones adjacent to the TMFs and site access areas. Approximately 75% of all required 160 hectares of land in the Municipalities of Chelopech and Chavdar has been purchased from private owners and both municipalities. The acquisition of the remaining 25% of land, 26 hectares of which is municipal, is in progress and is expected to be complete mid-2009. Re-designation of land from agricultural into industrial is the next step and is a prerequisite for issuance of the construction permit for project implementation. It is estimated that the land re-designation process will be complete at the beginning of 2010.

Permitting

The permitting process for project implementation in Bulgaria is complex, involving various ministries and government agencies. The environmental permits, such as the EIA, The Integration Pollution and Prevention Control ("IPPC") and Working with Hazardous Substances ("Seveso"), are prerequisites for issuance of the construction permit. The EIA, completed by the Balkan Science and Education Centre of Ecology and Environment in November 2005, and registered in February 2006, was approved by the Bulgarian Ministry of Environment and Waters ("MoEW") in July 2008. The IPPC application has been filed with the MoEW and the Seveso application is in progress. Both the IPPC and Seveso permits are expected to be issued by or in the third quarter of 2009. The Company is currently preparing a detailed development and implementation plan for the Project and site areas, which is also a prerequisite for issuance of a construction permit. The Project is fully compliant with all European safety and environmental directives and industry Best Available Techniques requirements, as determined by IPPC, and the engineering has passed through rigorous audit and been certified by The International Cyanide Management Institute as being compliant with the International Cyanide Management Code.

Bulgarian Public Private Partnership

As announced in July 2008, the Company signed an MOU with the Bulgarian authorities outlining the terms of modified royalty provisions, a Project reclamation bond and the formation of a new joint stock Bulgarian company to be owned 75% by DPM and 25% by the Republic of Bulgaria for the purpose of financing, constructing and operating the MPF.

The Company 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 entered into in 2004. The royalty in excess of 1.5% will be accrued but is payable only after the start of construction of the MPF.

DPM has also agreed to provide a financial guarantee for environmental closure and rehabilitation costs for the Chelopech mine. The Company will prepare and submit for approval to both the Ministry of Economy and Energy and the MoEW a closure and rehabilitation plan within 18 months of July 10, 2008, the date of the amended concession agreement. The Company is moving forward with the development of this agreement.

Capital Cost

As of December 31, 2008, the Company had invested \$102 million in the Project for engineering, procurement and construction management on the MPF, mine upgrades, the construction of the decline for access from surface to underground, acquisition and refurbishment of an oxygen plant and the first phase of the mine backfill plant. The increase in estimated capital cost to complete the Project reflects the price escalations for equipment, services and materials experienced globally by the mining industry since the original DFS was prepared in 2005.

The updated DFS and the related financial analysis include only incremental costs and exclude sunk costs. The table below is a summary of the estimated additional capital costs required to complete the Project, excluding closure costs:

CAPITAL COST ESTIMATE SUMMARY	
Item	Total (\$M)
Capital Expenditure (to end 2010)	
Mine	54.33
Concentrator	15.70
Metal Production Facility	70.54
Environmental (including TMFs)	9.68
Infrastructure and Services	35.10
Owners Costs	30.90
Total Capital	216.25
Sustaining Capital	62.75
TOTAL CAPITAL – Life of Mine	279.00

The capital cost estimate has a level of accuracy of $\pm 10\%$ and is expressed in Q4 2008 US dollars. Approximately 50-60% of the capital cost is expected to be incurred in Euro. For the purpose of this study an exchange rate of US\$1.35 = 1 Euro was used.

Operating Costs

Operating costs are based on the mining and treatment of 2.0 million tonnes ore per year, producing an average of 47.9 million pounds of copper and 139,578 oz gold per year, for the period indicated. Costs for the new facilities are based on Q4 2008 quotations for all materials and consumables, while the current site costs for labour and consumables have been used, as applicable.

SUMMARY OF ESTIMATED OPERATING COSTS	
Item	2012 – 2018 Average
Operating Costs (\$/t ore processed)	
Mine	21.52
Concentrator	6.55
Services	3.18
General & Administration	4.16
Metal Production	12.20
Royalty	4.78
Total	52.39

Technical Information

The independent technical report in support of this DFS, which has been prepared by Brett Gossage and Peter Wade of Coffey, Gary Jobson of Minproc, Brett Stevenson of Knight Piésold Pty Ltd. and J. Fergus Anckorn of AMEC Earth & Environmental UK Ltd., all of whom are Qualified Persons under National Instrument 43-101 ("NI 43-101"), will be filed on Sedar at www.sedar.com by the end of March 2009. Investors should review the detailed information contained in the technical report for the key assumptions, parameters and additional information relevant to the matters discussed in this press release. The Summary of the DFS will be posted on the Company's website at www.dundeeprecious.com.

Dr. Simon Meik, Operations Manager, Processing of Chelopech Mining EAD, who is a Qualified Person under NI 43-101, has supervised the preparation of the technical data included in this news release.

FORWARD LOOKING STATEMENTS

This news release contains certain "forward-looking information" under applicable Canadian securities legislation. Except for statements of historical fact relating to the Company, information contained herein constitutes forward-looking statements, including any information as to the Company's strategy, plans or future financial or operating performance. Forward-looking statements are characterized by words such as "plan", "expect", "budget", "target", "project", "intend", "believe", "anticipate", "estimate" and other similar words, or statements that certain events or conditions "may" or "will" occur.

Forward-looking statements are based on the opinions, assumptions and estimates of management considered reasonable (some of which are outlined herein and in the technical report to be filed in connection with this press release) at the date the statements are made, and are inherently subject to a variety of risks and uncertainties and other known and unknown factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include, but are not limited to, the advantages determined based on findings of the current feasibility study conducted on the Project proving to be accurate, the Company's expectations in connection with the Project discussed herein being met, the impact of general business and economic conditions, global liquidity and credit availability on the timing of cash flows and the values of assets and liabilities based on projected future conditions, possible variations in ore grade or recovery rates, fluctuating metal prices (such as gold and copper), currency exchange rates, changes in the Company's accounting policies, changes in the Company's corporate resources, changes in Project parameters as plans continue to be refined, changes in Project development and production time frames, risk related to the possibility of Project cost overruns or unanticipated costs and expenses, higher prices for fuel, steel, power, labour and other consumables contributing to higher costs and general risks of the mining industry, failure of plant, equipment or processes to operate as anticipated, unexpected changes in mine life, final pricing for concentrate sales, unanticipated results of future studies, seasonality, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, 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 and labour disputes, as well as those risks and uncertainties discussed or referred to in the Company's annual Management's Discussion and Analysis and Annual Information Form filed with the securities regulatory authorities in 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. The Company undertakes no obligation to update forward-looking statements if circumstances or management's estimates, assumptions or opinions should change, except as required by applicable law. The reader is cautioned not to place undue reliance on forward-looking statements. The forward-looking information contained herein is presented for the purpose of assisting investors in understanding the Company's expected operational performance and the Company's plans and objectives related to the projects discussed herein and may not be appropriate for other purposes.

NON-GAAP MEASURES

This press release refers to estimated EBITDA, cash cost per tonne of ore processed, cash cost per pound of copper, cash cost per ounce of gold because certain investors may use this information to assess the Company's ability to generate cash flow for investing activities. In addition, management utilizes these metrics as an important management tool to project and monitor 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.

Dundee Precious Metals Inc. is a Canadian based, international mining company engaged in the acquisition, exploration, development and mining of precious metals. DPM owns the Chelopech Mine, a producing gold/copper mine, and the Krumovgrad Gold Project, a mining development project, both located in Bulgaria, and is engaged in mineral exploration activities in Serbia. In addition, Dundee Precious owns the Back River gold exploration project in Nunavut, Canada and a 95% interest in the Kapan Mine in Armenia.

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