



**DUNDEE PRECIOUS METALS ENTERS INTO AGREEMENT
WITH WEATHERLY INTERNATIONAL FOR THE PURCHASE OF
NAMIBIAN SMELTER ASSETS**

IMMEDIATE RELEASE

Toronto, January 14, 2010 – Dundee Precious Metals Inc. (TSX: DPM; DPM.WT; DPM.WT.A) ("DPM" or "the Company") is pleased to announce it has entered into a binding letter of intent (the "LOI") with Weatherly International plc ("WTI") for the purchase of WTI's Tsumeb smelter assets and related business. The acquisition includes all land, plant and other assets used by or in connection with or which benefit or pertain to WTI's smelter business (the "Transaction").

The consideration to be provided to WTI by DPM upon completion of the Transaction will be:

- (i) US\$33 million, consisting of:
 - a. US\$18 million in cash (less any amounts drawn under a US\$2 million working capital loan to be provided to WTI, as outlined below); and
 - b. the issuance of approximately 4,446,420 fully paid common shares of DPM; and
- (ii) the assumption by DPM of all third party obligations of Namibia Custom Smelters (Pty) Limited ("NCS"), a subsidiary of WTI.

Under the LOI, DPM will (subject to any necessary exchange control consents being obtained) provide: (i) a working capital loan facility to WTI of up to US\$2 million, and (ii) a working capital loan facility to NCS of up to US\$4 million. The loans shall be made on the same terms as the current loan agreement between Chelopech Mining EAD ("CME") and NCS.

"DPM's purchase of the Tsumeb smelter will secure value-added, downstream processing capacity for the Company" said Jonathan Goodman, President and CEO of DPM. "This is a very important consideration as we work to double concentrate production at our Chelopech Mine. We see great opportunity as a custom smelter for complex concentrates and look forward to developing this asset and its related business opportunities."

The LOI is conditional inter alia upon:

- (i) the parties entering into a detailed sale and purchase agreement containing the warranties, indemnities and other terms provided for in the LOI;
- (ii) WTI shareholder approval;
- (iii) WTI's agreement not to exercise its remaining rights under its subscription agreement with DPM dated July 31, 2009 and DPM release of all such obligations;
- (iv) there having been no material adverse change in the physical assets, licences, permits, waivers, consents or approvals that benefit the smelter operations;
- (v) WTI's convertible noteholders consent and agreement to the full settlement of their notes (and discharge of security for such notes); and
- (vi) Toronto Stock Exchange approvals.

As of today, DPM has received irrevocable undertakings from approximately 44% of WTI shareholders to support the Transaction. The outstanding conditions of the LOI are to be satisfied by February 28, 2010 or such other date as the parties may agree. In the event the Transaction is not completed by June 30, 2010, any amounts drawn down under the loan to NCS would become due to DPM on demand.

CONFERENCE CALL

DPM will hold a conference call to discuss the Transaction with analysts on Thursday, January 14, 2010 at 11:00 a.m. (EST). The call will be hosted by Jonathan Goodman, President and Chief Executive Officer, and will be webcast live (audio only) at: <http://events.digitalmedia.telus.com/dundee/011410/index.php>. The audio webcast of this call will be archived and available on the Company's website at www.dundeeprecious.com.

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, as well as a 95% interest in the Kapan Mine in Armenia. In addition, it is engaged in mineral exploration activities in Serbia.

FORWARD-LOOKING STATEMENTS

This news release may contain certain information that constitutes forward-looking statements. Forward-looking statements are frequently characterized by words such as "plan," "expect," "project," "intend," "believe," "anticipate" and other similar words, or statements that certain events or conditions "may" or "will" occur. Forward-looking statements are based on the opinions and estimates of management at the date the statements are made, and are subject to a variety of risks and uncertainties and other factors that could cause actual events or results to differ materially from those projected in the forward-looking statements. These factors include the inherent risks involved in the exploration and development of mineral properties, the uncertainties involved in interpreting drilling results and other geological data, fluctuating metal prices and other factors described above and in the Company's most recent annual information form under the heading "Risk Factors" which has been filed electronically by means of the Canadian Securities Administrators' website located at www.sedar.com. The Company disclaims any obligation to update or revise any forward-looking statements if circumstances or management's estimates or opinions should change. The reader is cautioned not to place undue reliance on forward-looking statements.

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