



**DPM SIGNS DEFINITIVE AGREEMENT
WITH WEATHERLY INTERNATIONAL FOR THE ACQUISITION OF
NAMIBIAN SMELTER ASSETS**

IMMEDIATE RELEASE

Toronto, February 25, 2010 – Dundee Precious Metals Inc. (TSX: DPM; DPM.WT; DPM.WT.A) (“DPM” or “the Company”) is pleased to announce that it has entered into a definitive purchase agreement (the “Agreement”) with Weatherly International plc (“WTI”) for the acquisition of WTI’s Tsumeb smelter assets and related business, on the terms announced on January 14, 2010 (the “Transaction”).

The acquisition will be effected through the acquisition of all the shares of Namibia Custom Smelters (Pty) Limited (“NCS”) and certain related assets. The consideration to be provided to WTI by DPM upon completion of the Transaction will be 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 4,446,420 fully paid common shares of DPM.

On January 14, 2010, DPM announced an agreement with Louis Dreyfus Commodities Metals Suisse SA (“LDC”) to settle approximately US\$11.4 million of metals exposure and outstanding debt to LDC through the payment of US\$2 million in cash and US\$9.4 million in common shares of DPM.

As previously agreed with WTI upon signing of the letter of intent on January 14, 2010, DPM has provided: (i) a US\$2 million working capital loan facility to WTI, and (ii) US\$2 million of a US\$4 million working capital loan facility to NCS. The loans have been made on substantially the same terms as the current loan agreement between Chelopech Mining EAD and NCS.

The Transaction is conditional, among other conditions, upon:

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

DPM currently owns 40,468,000 ordinary shares of WTI, representing an approximate 9% interest, and has received irrevocable undertakings from approximately 44% of the remaining WTI shareholders to support the Transaction. The WTI shareholders’ meeting to consider the Transaction is scheduled for March 11, 2010. Following all outstanding conditions being satisfied, the completion of the Transaction is expected to take place on March 17, 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 loans to NCS and WTI would become due to DPM on demand.

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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