



DUNDEE PRECIOUS METALS REPORTS THIRD QUARTER 2008 RESULTS

(All monetary figures are expressed in Canadian Dollars unless otherwise stated)

Toronto, Ontario, November 5, 2008 – Dundee Precious Metals Inc. (“DPM” or the “Company”) (TSX: DPM and DPM.WT) today announced its unaudited results for the third quarter ended September 30, 2008. DPM reported third quarter net earnings of \$6.5 million (basic and diluted net earnings per share of \$0.11). This compares with a third quarter 2007 net loss of \$9.7 million (basic and diluted net loss per share of \$0.16).

“The Company has responded to current metal price and market conditions by eliminating non-critical expenditures, including exploration, and focussing on preserving its core operation – the Chelopech mine,” said Jonathan Goodman, President and CEO of DPM. “Market willing, our plans include progressing with the expansion of Chelopech, on a priority basis. The Chelopech mine is a world-class asset that will be a significant cash flow producer once complete. In the short-term, we are working on strategies to optimize our flexibility around the construction and financing of this project.”

The following table summarizes the Company’s financial and operating results for the periods indicated:

<i>\$ millions, except per share amounts</i> Ended September 30,	Three Months		Nine Months	
	2008	2007	2008	2007
Net revenue (gold/copper/zinc concentrates)	\$ 16.7	\$ 26.8	\$ 89.2	\$ 100.2
Cost of sales	23.8	17.8	74.5	56.9
Gross profit (loss) from mining operations	(7.1)	9.0	14.7	43.3
Investment income (expense)	27.9	(1.9)	28.9	31.4
Net earnings (loss)	6.5	(9.7)	0.8	24.9
Basic net earnings (loss) per share	\$ 0.11	\$ (0.16)	\$ 0.01	\$ 0.44
Diluted net earnings (loss) per share	\$ 0.11	\$ (0.16)	\$ 0.01	\$ 0.43
Net cash provided by (used in) operating activities	(10.4)	(8.3)	3.9	(31.5)
Capital expenditures	(19.3)	(42.5)	(66.7)	(95.8)
Other investing activities	41.0	3.1	61.0	56.9
Financing activities	15.2	7.2	13.3	76.1
Net increase (decrease) in cash	\$ 26.5	\$ (40.5)	\$ 11.5	\$ 5.7
Concentrate produced (mt)				
Chelopech	13,567	13,284	39,738	46,716
Deno Gold	4,608	1,924	9,197	6,213
Cash cost per tonne ore processed (US\$/t) ¹				
Chelopech	\$ 64.52	\$ 46.34	\$ 63.88	\$ 43.83
Deno Gold	\$ 110.75	\$ 97.56	\$ 109.62	\$ 72.77

THIRD QUARTER OF 2008 - FINANCIAL HIGHLIGHTS

- Net earnings for the third quarter of 2008 of \$6.5 million were \$16.2 million higher than the net loss of \$9.7 million in the third quarter of 2007 as a result of higher net realized gains on sales of investments partially offset by the gross loss from mining operations. The gross loss from mining operations was due to lower deliveries of concentrates, unfavourable marked-to-market adjustments relating to the open positions of provisionally priced concentrate sales and higher production costs at Deno Gold and Chelopech. Included in the third quarter of 2008 results was a gain of \$27.2 million on the sale of the Company's holdings, 5,117,021 common shares, in Eldorado Gold Corporation ("Eldorado").
- The Chelopech operation reported net revenue of \$15.2 million on corresponding concentrate deliveries of 10,376 tonnes. Chelopech cash cost per tonne of ore processed¹ was negatively impacted by the expenditures associated with cemented rock fill and hydraulic fill in the mine (which commenced in the fourth quarter of 2007 and second quarter of 2008, respectively), the appreciation of the Euro relative to the U.S. dollar, higher employment expenses, higher prices for diesel and power and higher royalties. Partially offsetting these increases was the favourable impact on unit cash cost of higher volumes of material processed in the third quarter of 2008. Approximately 48% of the increase in cash cost per tonne, before the favourable impact of higher volumes of material processed, was due to the introduction of cemented rock fill and hydraulic fill, 34% to the appreciation of the Euro relative to the U.S. dollar, 20% to higher employment expenses, 16% to higher prices for diesel and power, and 12% to the introduction of a new royalty. The higher volumes of material processed reduced the unit cash cost by approximately 30%.
- The Deno Gold operation reported net revenue of \$1.5 million on corresponding concentrate deliveries of 1,785 tonnes. Cash cost per tonne of ore processed¹ at Deno Gold was negatively impacted by the addition of human resources and materials required to improve the levels of safety, communications and general operating standards, the appreciation of the Armenian dram relative to the U.S. dollar and higher prices for fuel, diesel and some reagents. Partially offsetting these increases was the favourable impact on unit cash cost of higher volumes of material processed.
- As at September 30, 2008, DPM had cash and marketable securities of \$63.9 million (market value) versus \$115.2 million (market value) at December 31, 2007.
- Cash used in operating activities in the third quarter of 2008 totalled \$10.4 million due primarily to the gross loss from mining operations partially offset by a decrease in working capital of \$4.9 million.

SIGNIFICANT ITEMS

The unaudited interim consolidated financial statements for the three and nine months ended September 30, 2008 and 2007 were prepared on the basis of accounting principles applicable to a going concern. Certain market conditions, including falling metal prices and higher operating costs, may lend substantial doubt as to the appropriateness of the going concern assumption. Specifically, the Company: 1) has contractual obligations over the next 12 months amounting to \$26.3 million (about \$8 million of which can be terminated with minimal or no penalty); 2) has insufficient cash resources to complete its 2009 operational and development commitments and plans; and 3) faces the slowdown in global markets resulting in lower metal prices and tightness of credit. Company-wide plans are being formulated and steps are being taken to reduce, eliminate and/or defer all non-critical expenditures and to potentially dispose of certain of its exploration assets.

The Company has recently retained GMP Securities L.P. as its exclusive financial advisor to assist it in evaluating corporate options available to the Company to maximize shareholder value, including, without limitation, a disposition of assets, joint venture, farm-out or strategic investment.

Operations at the Chelopech mining facilities are continuing normal course. Presently, the Company is in advanced negotiations with its principal concentrate purchaser to secure a longer term (approximately

five year) concentrate processing contract. This form of arrangement would provide the Company with assurances regarding the processing of its concentrate while it finalizes its plans for the completion of the expansion project. In August and September 2008, following the government's approval of the Environmental Impact Assessment ("EIA") for the Chelopech expansion, the Company filed two applications for complex permits, one for the metals processing facility and one for an additional tailings management facility.

The Company will temporarily suspend operations at Deno Gold. As of early November 2008, an orderly shutdown of the Deno Gold operations had commenced, to effectively place the facilities on care and maintenance, pending a significant improvement in metal prices. Discussions with Armenian government officials and EBRD representatives are ongoing to ensure a smooth transition and to maintain positive and constructive relationships. DPM is committed to its investment in the region and recognizes the significant operational improvements that have been made in a very short period of time and looks forward to resuming operations and its development plans when the economic climate improves.

DPM has ceased all exploration and drilling activities on its Armenian and Serbian properties and at its Back River project. However, the Company has entered into discussions surrounding strategic opportunities for the advancement of the Back River project. The Company is taking steps to ensure that its titles and licenses are preserved. DPM is committed to its long-term projects and its strategy.

A complete set of DPM's Consolidated Financial Statements, Notes to the Consolidated Financial Statements and Management's Discussion and Analysis for the third quarter ended September 30, 2008 are posted on the Company's website at www.dundeeprecious.com and have been filed on Sedar at www.sedar.com.

THIRD QUARTER RESULTS BROADCAST

DPM will be hosting an analyst meeting to present its 2008 third quarter financial results on Thursday, November 6, 2008 at 8.30 am (Toronto time). The meeting will be webcast live (audio only) at: <http://events.onlinebroadcasting.com/dundee/110608/index.php>.

The audio webcast for this conference call will be archived and available on the Company's website at www.dundeeprecious.com.

OVERVIEW

DPM is a Canadian based, international mining company engaged in the acquisition, exploration, development and mining of precious metal properties. Its common shares and share purchase warrants (symbol: DPM and DPM.WT) are traded on the Toronto Stock Exchange ("TSX"). DPM's business objectives are to identify, acquire, finance, develop and operate low-cost, long-life mining properties.

The Company's operating interests include its 100% ownership of Chelopech Mining EAD ("Chelopech"), a gold, copper, silver concentrates producer, owner of the Chelopech mine located approximately 70 kilometres east of Sofia, Bulgaria, and a 95% interest in Vatrln Investment Limited ("Vatrln"), a private entity which holds 100% of Deno Gold Mining Company CJSC ("Deno Gold"), its principal asset being the Kapan mine, a gold, copper, zinc, silver concentrates producer located about 320 kilometres south east of the capital city of Yerevan in Southern Armenia. DPM's interests also include a 100% interest in the Krumovgrad development stage gold property located in south eastern Bulgaria, near the town of Krumovgrad, a 100% interest in the Back River gold project located in Nunavut in the Canadian Arctic and three significant exploration and exploitation properties in one of the larger gold-copper-silver mining regions in Serbia.

SUMMARIZED FINANCIAL RESULTS

Net Revenue

Net revenue from the sale of concentrates of \$16.7 million in the third quarter of 2008 was \$10.1 million or 38% lower than third quarter of 2007 due to lower deliveries of concentrates from Chelopech. In addition, unfavourable marked-to-market adjustments of \$4.4 million relating to the open positions of provisionally priced concentrate sales were recorded in the third quarter of 2008 as result of the decline in forward prices for gold, copper and zinc as of September 30, 2008 relative to the forward prices as of June 30, 2008. Favourable marked-to-market adjustments of \$1.8 million were recorded in the third quarter of 2007. Deliveries of concentrates produced at Chelopech of 10,376 tonnes in the third quarter of 2008 were 26% lower than third quarter of 2007 deliveries of 14,095 tonnes. There was an increase in concentrate inventories of 3,191 tonnes in the third quarter of 2008 whereas, in the third quarter of 2007, there was a decrease in concentrate inventories of 811 tonnes. Deliveries of concentrates produced at Deno Gold of 1,785 tonnes in the third quarter of 2008 were 41% higher than third quarter of 2007 deliveries of 1,263 tonnes. Three shipments of zinc concentrate, which cleared Armenian customs in September 2008, will be recorded as sales in the fourth quarter of 2008 once ownership is transferred.

Net revenue from the sale of concentrates of \$89.2 million in the first nine months of 2008 was \$11.0 million or 11% lower than the corresponding prior year period due to the same factors affecting third quarter net revenue discussed above partially offset by stronger metal prices for gold, copper and silver. Unfavourable marked-to-market adjustments of \$3.1 million relating to the open positions of provisionally priced concentrate sales were recorded in the first nine months of 2008 compared to favourable marked-to-market adjustments of \$9.2 million in the same period of the prior year. Deliveries of concentrates produced at Chelopech of 40,796 tonnes in the first nine months of 2008 were 21% lower than first nine months of 2007 deliveries of 51,839 tonnes as a result of lower production of concentrate in 2008. Deliveries of concentrates produced at Deno Gold of 6,249 tonnes in the first nine months of 2008 were 25% higher than first nine months of 2007 deliveries of 4,984 tonnes due to increased production.

Cost of sales

Cost of sales of \$23.8 million in the third quarter of 2008 was \$6.0 million or 34% higher than the corresponding prior year period due primarily to higher operating costs at Chelopech and Deno Gold partially offset by lower deliveries of concentrates. Higher cash cost per tonne of ore processed¹ increased cost of sales by approximately \$7.2 million and lower volumes of concentrate deliveries resulted in a decrease in cost of sales of approximately \$1.2 million.

Cost of sales of \$74.5 million in the first nine months of 2008 was \$17.6 million or 31% higher than the corresponding prior year period due to higher operating costs at Chelopech and Deno Gold partially offset by lower deliveries of concentrates. The increase in cash cost per tonne of ore processed¹ resulted in an increase in cost of sales of approximately \$21.2 million and lower deliveries of concentrates resulted in a decrease in cost of sales of approximately \$3.6 million.

Cash cost per tonne of ore processed¹ at Chelopech in the third quarter and first nine months of 2008 increased by 39% and 46%, respectively, relative to the corresponding prior year periods due to expenditures associated with cemented rock fill and hydraulic fill in the mine (which commenced in the fourth quarter of 2007 and in the second quarter of 2008, respectively), the appreciation of the Euro relative to the U.S. dollar, higher employment expenses, higher royalties and higher prices for diesel and power. Partially offsetting these increases in the third quarter of 2008 was the favourable impact on unit cash cost of higher volumes of material processed. Cash cost per tonne of ore processed¹ at Deno Gold increased by 14% and 51% in the third quarter and first nine months of 2008, respectively, compared with the corresponding periods in 2007 due to the increase in human resources and materials required to improve the levels of safety, communications and general operating standards consistent with the Company's required levels and higher prices for fuel, diesel and some reagents. Partially offsetting these increases in the third quarter of 2008 was the favourable impact on unit cash cost of higher volumes of material processed. Cash cost per tonne of ore processed¹ in the first nine months of 2008 was also

negatively impacted by lower volumes of material processed and the appreciation of the Armenian dram relative to the U.S. dollar.

Gross Profit/(Loss)

Chelopech recorded a gross loss from mining operations of \$1.5 million in the third quarter of 2008 compared to a gross profit from mining operations of \$11.6 million in the third quarter of 2007. The gross loss from mining operations was due to lower deliveries of concentrates and higher production costs. In addition, unfavourable marked-to-market adjustments of \$2.9 million on the open positions of provisionally priced concentrate sales were recorded in the third quarter of 2008 whereas favourable adjustments of \$2.1 million were recorded in the third quarter of 2007.

Chelopech recorded a gross profit from mining operations of \$28.2 million in the first nine months of 2008 compared to a gross profit from mining operations of \$49.4 million in the first nine months of 2007. The decrease in gross profit was due to lower deliveries of concentrates as a result of lower production and higher production costs partially offset by stronger metal prices. In addition, unfavourable marked-to-market adjustments of \$1.6 million relating to the open positions of provisionally priced concentrate sales were recorded in the first nine months of 2008 whereas favourable adjustments of \$9.5 million were recorded in the first nine months of 2007.

Deno Gold recorded a gross loss from mining operations of \$5.6 million in the third quarter of 2008 compared to a gross loss from mining operations of \$2.7 million in the third quarter of 2007. The increased loss was due to higher production costs partially offset by higher deliveries of concentrates. In addition, unfavourable marked-to-market adjustments of \$1.5 million on the open positions of provisionally priced concentrate sales were recorded in the third quarter of 2008 compared to unfavourable adjustments of \$0.3 million in the third quarter of 2007.

Deno Gold recorded a gross loss from mining operations of \$13.6 million in the first nine months of 2008 compared to a gross loss from mining operations of \$6.1 million in the first nine months of 2007. The increased loss from mining operations was due to higher production costs partially offset by higher deliveries of concentrates. In addition, unfavourable marked-to-market adjustments of \$1.5 million on the open positions of provisionally priced concentrate sales were recorded in the first nine months of 2008 compared to unfavourable adjustments of \$0.3 million in the first nine months of 2007.

Investment income (expense)

Investment income in the third quarter of 2008 totalled \$27.9 million compared to investment expense of \$1.9 million in the third quarter of 2007. The increase in investment income was primarily due to higher net realized gains on sales of investments in the third quarter of 2008. A gain of \$27.2 million on the sale of the Company's holdings, 5,117,021 common shares, in Eldorado was recorded in the third quarter of 2008.

Investment income in the first nine months of 2008 totalled \$28.9 million, a decrease of \$2.5 million relative to investment income of \$31.4 million in the first nine months of 2007. The decrease was primarily due to lower net realized gains on sales of investments in the nine months ended September 30, 2008.

Exploration expense

Exploration expense was \$7.5 million and \$21.5 million in the third quarter and first nine months of 2008 compared with \$9.5 million and \$21.5 million in the corresponding prior year periods, respectively. The decrease in spending in the third quarter of 2008 relative to the third quarter of 2007 was due to lower level of diamond drilling activities in Serbia.

Income tax expense

The Company's effective tax rate of 33.4% in the third quarter of 2008 was slightly lower than the statutory rate of 33.5% due to offsetting amounts from the non-taxable portion of capital gains relating to the sales of investments against the foreign losses which are taxed at lower rates and unrecognized tax benefits relating to operating losses. The Company's effective tax recovery rate for the third quarter of 2007 of 10.4% was significantly lower than the statutory recovery rate of 36.12% due to unrecognized tax benefits relating to operating losses partially offset by the benefit of profits earned in jurisdictions having lower tax rates.

Cash Flow and Financial Condition

The following table summarizes the Company's cash flow (shortfall) from operating activities for the periods indicated:

<i>\$ thousands</i> Ended September 30,	Three Months		Nine Months	
	2008	2007	2008	2007
Net earnings (loss)	\$ 6,537	\$ (9,653)	\$ 847	\$ 24,869
Non-cash charges (credits) to earnings:				
Amortization of property, plant and equipment	4,314	3,381	11,456	9,283
Net realized (gains) losses on sales of investments	(27,509)	1,922	(28,005)	(34,922)
Other	1,330	1,376	2,216	6,175
Total non-cash charges (credits) to earnings	(21,865)	6,679	(14,333)	(19,464)
Decrease (increase) in non-cash working capital	4,887	(5,389)	17,368	(36,911)
Net cash provided by (used in) operating activities	\$ (10,441)	\$ (8,363)	\$ 3,882	\$ (31,506)

Cash used in operating activities in the third quarter of 2008 was \$10.4 million, compared with cash used in operating activities of \$8.4 million in the third quarter of 2007. The increase in cash used in operating activities in the third quarter of 2008 relative to the third quarter of 2007 was due to the gross loss from mining operations partially offset by a decrease in working capital requirements. The decrease in working capital requirements in the third quarter of 2008 was primarily due to a decrease in accounts receivable partially offset by an increase in inventories.

Cash provided by operating activities in the first nine months of 2008 was \$3.9 million, compared with cash used in operating activities of \$31.5 million in the first nine months of 2007. The increase in cash provided by operating activities in the first nine months of 2008 relative to the first nine months of 2007 was primarily due to a decrease in working capital requirements partially offset by lower gross profit from mining operations. The decrease in working capital requirements in the first nine months of 2008 was primarily due to a decrease in accounts receivable, an increase in deferred revenue and an increase in accounts payable partially offset by an increase in inventories.

The following table summarizes the Company's investing activities for the periods indicated:

<i>\$ thousands</i> Ended September 30,	Three Months		Nine Months	
	2008	2007	2008	2007
Purchase of investments	\$ -	\$ (5,000)	\$ -	\$ (16,796)
Proceeds on sales of investments	41,047	8,121	60,238	73,745
Capital expenditures	(19,321)	(42,478)	(66,681)	(95,823)
Proceeds on disposal of fixed assets	5	-	714	-
Net cash provided by (used in) investing activities	\$ 21,731	\$ (39,357)	\$ (5,729)	\$ (38,874)

Capital expenditures for the Chelopech mine in the third quarter and first nine months of 2008 of \$9.1 million and \$33.4 million were 60% and 40% lower, respectively, than the corresponding prior year periods due to lower spending on non-critical capital expenditures, including those related to the

expansion project which were deferred while waiting for the EIA to be approved by the Bulgarian government. The EIA was approved on July 30, 2008. Capital expenditures for Deno Gold in the third quarter 2008, including capitalized exploration, of \$6.6 million were 42% lower than the corresponding prior year period due to reduced spending on exploration. Capital expenditures for Deno Gold in the first nine months of 2008 of \$19.9 million were comparable to those in the first nine months of 2007. Capitalized exploration at Deno Gold totalled \$4.3 million and \$13.3 million in the third quarter and first nine months of 2008 compared with expenditures of \$9.0 million and \$10.8 million in the third quarter and first nine months of 2007, respectively.

¹ A reconciliation of the Company's cash cost per tonne ore processed to cost of sales under Canadian GAAP for the third quarters of 2008 and 2007 is shown in the section entitled "Non-GAAP Financial Measures."

NON-GAAP FINANCIAL MEASURES

The Company refers to cash cost per tonne of ore processed because it understands that certain investors use this information to assess the Company's performance and also determine the Company's ability to generate cash flow for investing activities. This measurement captures all of the important components of the Company's production and related costs. In addition, management utilizes this metric as an important management tool to monitor cost performance of the Company's operations. This measurement has no standardized meaning under Canadian generally accepted accounting principles ("GAAP") and is therefore unlikely to be comparable to similar measures presented by other companies. This measurement is 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.

The following table provides, for the periods indicated, a reconciliation of the Company's cash cost measure to its Canadian GAAP cost of sales:

<i>\$ thousands, unless otherwise indicated</i>			
For the quarter ended September 30, 2008	Chelopech	Deno Gold	Total
Ore processed (mt)	238,820	78,191	
Cost of sales (Cdn\$)	\$ 16,674	\$ 7,155	\$ 23,829
Cost of sales (US\$)	\$ 15,853	\$ 6,889	\$ 22,742
Add/(Deduct):			
Amortization and other non-cash charges	(3,283)	(977)	
Change in concentrate inventory	2,837	2,748	
Total cash cost of production before by-product credits (US\$)	\$ 15,407	\$ 8,660	
Cash cost per tonne of ore processed (US\$)	\$ 64.52	\$ 110.75	

<i>\$ thousands, unless otherwise indicated</i>			
For the quarter ended September 30, 2007	Chelopech	Deno Gold	Total
Ore processed (mt)	210,101	74,781	
Cost of sales (Cdn\$)	\$ 12,603	\$ 5,229	\$ 17,832
Cost of sales (US\$)	\$ 11,413	\$ 4,870	\$ 16,283
Deduct:			
Amortization and other non-cash charges	(2,263)	(423)	
Change in concentrate inventory	585	2,849	
Total cash cost of production before by-product credits (US\$)	\$ 9,735	\$ 7,296	
Cash cost per tonne of ore processed (US\$)	\$ 46.34	\$ 97.56	

CONSOLIDATED BALANCE SHEETS
As at September 30, 2008 and December 31, 2007
(in thousands of Canadian dollars, unaudited)

	September 30, 2008	December 31, 2007
ASSETS		
Current Assets		
Cash and cash equivalents	\$ 60,662	\$ 49,175
Accounts receivable and other assets	35,069	39,274
Inventories	37,599	32,396
Total current assets	133,330	120,845
Portfolio investments at market value	3,235	34,567
Equity accounted investments <i>(market value-nil; December 2007-\$31,457)</i>	-	13,665
Other long-term assets	3,738	9,570
Property, plant & equipment	413,837	354,549
Future income tax asset	6,310	5,272
Total assets	\$ 560,450	\$ 538,468
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 29,129	\$ 24,140
Deferred revenue	7,548	-
Current portion of long-term debt and reclamation and other long-term liabilities	5,055	3,604
Total current liabilities	41,732	27,744
Long-term Liabilities		
Long-term debt	15,855	6,114
Reclamation and other long-term liabilities	18,720	13,617
Long-term compensation	1,964	3,233
Future income tax liability	21,196	16,380
Total long-term liabilities	57,735	39,344
SHAREHOLDERS' EQUITY		
Share capital	265,197	268,669
Warrants	4,758	4,758
Contributed surplus	10,560	9,081
Retained earnings	185,357	184,510
Accumulated other comprehensive earnings (loss)	(4,889)	4,362
Total shareholders' equity	460,983	471,380
Total liabilities and shareholders' equity	\$ 560,450	\$ 538,468

CONSOLIDATED STATEMENTS OF EARNINGS

For the three and nine months ended September 30, 2008 and 2007

(in thousands of Canadian dollars, except per share amounts, unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
Mining operations				
Gold/copper/zinc concentrates net revenue	\$ 16,714	\$ 26,801	\$ 89,185	\$100,171
Cost of sales	23,829	17,832	74,545	56,895
Gross profit (loss)	(7,115)	8,969	14,640	43,276
Investment and other income (expense)				
Dividends, interest and other income	953	867	2,530	1,383
Loss on equity accounted investments	-	(838)	(126)	(1,768)
Net realized gains (losses) on sale of investments	27,509	(1,921)	28,005	34,922
Loss on copper put options	-	(44)	-	(3,178)
Impaired investments written down to market value	(572)	-	(1,523)	-
Investment and other income (expense)	27,890	(1,936)	28,886	31,359
Earnings before undernoted items	20,775	7,033	43,526	74,635
Expenses				
Administrative and other expenses	5,480	5,685	15,544	16,031
Stock based compensation expense (recovery)	(603)	124	18	648
Exploration expense	7,484	9,467	21,460	21,487
Amortization of property, plant and equipment	649	482	1,887	1,336
Financing and other costs (gains)	(2,973)	637	(1,788)	2,095
Foreign exchange loss	926	1,413	1,612	3,429
Total expenses - net	10,963	17,808	38,733	45,026
Earnings (loss) before income taxes	9,812	(10,775)	4,793	29,609
Provision for (recovery of) income taxes				
Current	(656)	(533)	1,909	3,586
Future	3,931	(589)	2,037	1,154
Total provision for (recovery of) income taxes	3,275	(1,122)	3,946	4,740
Net earnings (loss) for the period	\$ 6,537	\$ (9,653)	\$ 847	\$ 24,869
Basic net earnings (loss) per share	\$ 0.11	\$ (0.16)	\$ 0.01	\$ 0.44
Diluted net earnings (loss) per share	\$ 0.11	\$ (0.16)	\$ 0.01	\$ 0.43

CONSOLIDATED STATEMENTS OF CASH FLOW

For the three and nine months ended September 30, 2008 and 2007

(in thousands of Canadian dollars, unaudited)

	Three months ended September 30,		Nine months ended September 30,	
	2008	2007	2008	2007
OPERATING ACTIVITIES				
Net earnings (loss) for the period	\$ 6,537	\$ (9,653)	\$ 847	\$24,869
Non-cash charges (credits) to earnings:				
Amortization of property, plant and equipment	4,314	3,381	11,456	9,283
Stock based compensation expense (recovery)	(603)	124	18	648
Net losses (gains) on sale of investments	(27,509)	1,922	(28,005)	(34,922)
Impaired investments written down to market value	572	-	1,523	-
Unrealized loss (gain) on revaluation of debt	(3,540)	85	(3,263)	216
Future income taxes	3,931	(488)	2,037	1,255
Loss on copper put options	-	44	-	3,178
Other non-cash charges	970	1,611	1,901	878
Changes in non-cash working capital:				
Decrease (increase) in accounts receivable and other assets	7,764	(134)	4,205	(16,472)
Increase in inventories	(3,072)	(3,986)	(5,203)	(8,397)
Decrease (increase) in other long-term assets	2,690	(349)	5,832	(812)
Increase (decrease) in accounts payable	(470)	(663)	4,989	(5,158)
Increase (decrease) in deferred revenue	(2,014)	-	7,548	(6,246)
Increase (decrease) in other liabilities	(11)	(257)	(3)	174
Net cash provided by (used in) operating activities	(10,441)	(8,363)	3,882	(31,506)
INVESTING ACTIVITIES				
Purchase of investments	-	(5,000)	-	(16,796)
Proceeds on sale of investments	41,047	8,121	60,238	73,745
Acquisition of property, plant and equipment	(19,321)	(42,478)	(66,681)	(95,823)
Proceeds on sale of plant and equipment	5	-	714	-
Net cash provided by (used in) investing activities	21,731	(39,357)	(5,729)	(38,874)
FINANCING ACTIVITIES				
Issue of common shares	-	532	-	1,240
Net proceeds of equity financing	-	7,028	-	77,474
Redemption of deferred share units	-	-	(58)	-
Proceeds of debt financing	15,821	-	15,821	-
Repayment of debt	(595)	(376)	(2,429)	(2,578)
Net cash provided by financing activities	15,226	7,184	13,334	76,136
Increase (decrease) in cash and equivalents	26,516	(40,536)	11,487	5,756
Cash and equivalents at beginning of period	34,146	78,285	49,175	31,993
Cash and equivalents at end of period	\$ 60,662	\$37,749	\$ 60,662	\$37,749

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 future price of gold, copper, zinc and silver, the estimation of mineral reserves and resources, the realization of mineral estimates, the timing and amount of estimated future production, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, permitting time lines, currency fluctuations, requirements for additional capital, 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. 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”, “intends”, “anticipates”, or “does not anticipate”, or “believes”, or variations of such words and phrases or 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 actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations; changes in project parameters as plans continue to be refined; future prices of gold, copper, zinc and silver; 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, fluctuations in metal prices, as well as those risk factors discussed or referred to in Management’s Discussion and Analysis under the heading “Risks and Uncertainties” and other documents filed from time to time with the securities regulatory authorities in all provinces and territories of 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. Unless 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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