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DPM COMPLETES CLOSING OF OVER-ALLOTMENT OPTION

Toronto, December 18, 2008 - Dundee Precious Metals Inc. (TSX: DPM; DPM.WT and DPM.WT.A) (the "Company" or "DPM") is pleased to announce that it has closed part of the over-allotment option previously granted to the syndicate of underwriters co-led by GMP Securities L.P. and Dundee Securities Corporation, and which included BMO Capital Markets (collectively, the "Underwriters") in connection with the Company's equity financing which closed on November 20, 2008. Pursuant to the over-allotment option, the Underwriters purchased an additional 2,666,500 warrants of the Company at a price of \$0.298 per half warrant for additional gross proceeds of \$1,589,234.

In total, including the over-allotment option, DPM has issued 35,556,000 common shares and 20,444,500 warrants pursuant to this offering for total gross proceeds of \$81,590,234.

The securities offered have not been registered under the U.S. Securities Act of 1933, as amended, and may not be offered or sold in the United States absent registration or applicable exemption from the registration requirements. This press release shall not constitute an offer to sell or the solicitation of an offer to buy nor shall there be any sale of the securities in any State in which such offer, solicitation or sale would be unlawful.

Dundee Precious Metals Inc. is a Canadian based, international mining company engaged in the acquisition, exploration, development and mining of precious metals. Its group currently 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.

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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