



## DPM EXPLORATION DRILLING SUPPORTS POTENTIAL FOR BULK MINEABLE OPEN PIT POLYMETALLIC MINERALIZATION AT SHAHUMYAN MINE, KAPAN, SOUTHEAST ARMENIA

Toronto, March 4, 2008 - Dundee Precious Metals Inc. (TSX: DPM; DPM.WT) (the "Company" or "DPM") announced that initial diamond drilling results at the Shahumyan Mine at Kapan, southeastern Armenia support the potential for bulk mineable polymetallic open pit mineralization.

"The first diamond drilling results at Shahumyan support our concept of a bulk mineable open pit at Shahumyan. I am very encouraged by these drilling results from the 'Vein 5' area at Shahumyan where we are testing the potential for an initial open pit," said Jonathan Goodman, President and CEO of DPM.

### HIGHLIGHTS

- In-house modelling and pit optimization studies on the historic (non-National Instrument 43-101 ("NI 43-101") compliant) diamond drill and underground sampling database for the Shahumyan deposit suggest potential for a large scale, bulk mineable open pit.
- Diamond drill results from the first two holes in the 'Vein 5' area have returned wide polymetallic intercepts, providing initial support of the concept.

### MAIN INTERCEPTS

- Key intercepts include:
  - SHDDR0001: 65m at 0.51g/t Au, 30g/t Ag, 0.1% Cu, 0.81% Zn, 0.02% Pb (2.17g/t AuEq)
  - SHDDR0008: 89m at 1.42g/t Au, 66g/t Ag, 0.11% Cu, 1.13% Zn, 0.03% Pb (4.12g/t AuEq)
  - Note: In situ gold equivalent (AuEq) grade based on the following metal prices:
    - Au: US\$750/oz, Ag: US\$15/oz, Cu: US\$2.30/lb, Zn: US\$1.10/lb, Pb: US\$1.10/lb

### BACKGROUND

The Kapan mining area is located in the southeastern corner of Armenia, 320 km south of the capital city of Yerevan and forms part of the Tethyan tectonic belt which extends from southeast Asia to Europe and is one of the most strongly mineralized belts on earth. The belt contains world class porphyry copper-gold, polymetallic vein array and epithermal gold-silver deposits, and is host to the Chelopech deposit in Bulgaria and the Bor deposits in Serbia. Figure 1 shows the location of the Kapan mine.

The Kapan mine consists of two parts, a copper deposit known as Centralni and a polymetallic deposit of copper (Cu), gold (Au), silver (Ag), zinc (Zn) and lead (Pb), known as Shahumyan. Production from the Centralni deposit started in the 1950s, initially from underground and then from both underground and an open pit, and records indicate that more than 30mt at approximately 1.3% Cu have been extracted to date.

The Shahumyan polymetallic vein array was first discovered in the early part of the 20<sup>th</sup> century and was briefly exploited on a small scale during World War II. Detailed exploration of the Shahumyan deposit commenced in 1976 and to date at least 280,000m of diamond drilling and over 33,000m of underground access development from adits on the 700m, 780m, 820m and 860m levels has been completed. Below the 700 level short exploration drives have been completed at the 605m and 505m levels. The bulk of the surface and underground exploration drilling has been conducted to the 550m mine level which is approximately 370m below the ground surface.

The mineralization at Shahumyan occurs in altered dacite, andesite and basaltic host rocks. The main ore minerals are chalcopyrite, sphalerite and minor galena, along with gold and silver.

An underground mining operation is currently being carried out at Shahumyan, based on a reserve estimate, compiled in accordance with Armenian regulations of 12mt at 0.5% Cu, 2g/t Au, 37g/t Ag and 2.2% Zn. Two clean, readily saleable concentrates are produced, a Cu-Au and a Zn, which are transported by road and rail to the Black Sea for export.

In early 2006 an opportunity arose to review the Kapan mining operation. A large historical database of the Shahumyan deposit was made available including assays from the +280,000m surface and underground diamond drilling and also some 33,000m of drive channel sampling and 32,000m of face sampling. No core remains from any of the diamond drilling and no reference samples of the channel and face sampling exist. However, DPM undertook a very careful due diligence sampling exercise, collecting over 750kg of 30kg samples chosen from throughout the accessible parts of the Shahumyan mine. The samples were collected to enable independent metallurgical studies to be carried out in Canada. In addition, records and reference samples were available from milling of the Shahumyan ore during recent years. The due diligence sampling returned grades of a similar tenor to the historical database and the grades returned from the current mining operation.

DPM has used the historical database to carry out a series of in-house resource studies (non NI 43-101 compliant). Figure 2 displays a plan image of the historical database (using a 'gold equivalent' variable for illustration, wherein composites greater than 0.5g/t AuEq are rendered visible) which shows an extensive vein array over 2.5km long, 1.5km wide and at least 500m deep and shows the location of the Vein 5 Area.

In particular, the potential for a large scale open pit mining operation has been assessed. In order to undertake the assessment, intervals with no assays were given a 'zero' grade prior to compositing. Several resource estimates were carried out during the due diligence assessment both by DPM staff and independent consultants using a variety of estimation methods with a range of parameters and grade restrictions. In addition, numerous pit optimizations were carried out, both to assess the potential for very large open pits, capable of supporting a large tonnage mining operation, and to identify locations for smaller scale 'starter' pits to supplement underground production in order to fully exploit the 1.2 million tonne per annum Kapan mill while the drill assessment of the overall Shahumyan deposit is being carried out. The DPM studies indicate potential for a large mining operation and suggest that the current stated reserve is conservative.

As a result of the due diligence studies, DPM purchased a controlling interest in the Kapan Mine. In order to collect the data required to complete a NI 43-101 compliant resource estimate, DPM has purchased three diamond drill rigs and three reverse circulation ("RC") drill rigs and is in the final stages of equipping and commissioning a new assay facility, to be independently managed by SGS. In addition, all the extra equipment required to support a large drilling program has been put in place or is being established. The entire process is a major logistical exercise, involving significant staffing and training requirements.

A zone in the northwest quadrant of the Shahumyan deposit, termed the Vein 5 Area, has been chosen for the first 'starter pit' drilling programme. A 600m long zone is planned to be drilled out, firstly using an 80m by 80m collar pattern with a follow-up drill spacing of 40m by 40m. The total of 13,600 metres of diamond and RC drilling is planned for the phase 1 (4,000m) and phase 2 (9,600m) programs. Samples are collected using a 1m interval and the full standard set of DPM sampling and QAQC procedures have been employed throughout the drilling programme, including the submission of international standards in the assay sequence.

In addition, a series of drill holes, for the purpose of collecting metallurgical samples is currently being drilled.

Until the full assay facility is commissioned at Kapan, samples have been despatched for assay to the SGS laboratory in Perth, Western Australia.

The Shahumyan deposit occurs within a major 15km by 10km alteration zone. DPM has been granted a 350 square kilometre Exploration Licence which has secured coverage of the entire alteration zone. To date, DPM has flown airborne geophysics over the Exploration Licence and has undertaken stream sediment sampling, soil sampling and detailed geological mapping.

## RESULTS

Some five batches of assay results have been received, representing three metallurgical drill holes (SHDDM0001 – SHDDM0003) and two Vein 5 Area resource definition drill holes (SHDDR0001 and SHDDR0008). The two Vein 5 Area drill holes are spaced approximately 100m apart in the central portion of the area to be drilled. Very encouraging drill intercepts have been returned, providing support for the concept of a bulk open pit mining operation, as displayed in Table 1. The intercepts listed for the two Vein 5 Area holes are in primary mineralization. The upper part of metallurgical sampling hole SHDDM0002 is oxidized. In order to calculate in situ 'metal equivalent' grades, a series of metal price assumptions has been made, as shown in Table 1.

**Table 1**  
**Shahumyan**  
**DPM Diamond Drilling Intersection Summary**  
**Consensus Average Metal Prices (2007 to Long Term)**

<b>METAL PRICE ASSUMPTIONS</b>													
		Metal	\$/oz	\$/gm		Metal	\$/lb	\$/t	\$/%	Metal	\$/lb	\$/t	\$/%
		Gold	<b>750</b>	<b>24.1</b>		Cu	<b>2.30</b>	<b>5071</b>	<b>51</b>	Zn	<b>1.10</b>	<b>2425</b>	<b>24</b>
		Silver	<b>15</b>	<b>0.48</b>		Pb	<b>1.10</b>	<b>2425</b>	<b>24</b>				
Hole		From (m)	To (m)	Int (m)	Au (g/t)	Ag (g/t)	Cu (ppm)	Pb (ppm)	Zn (ppm)	Au_Eq (g/t)	Cu_Eq (%)	Pb_Eq (%)	Zn_Eq (%)
<b>METALLURGICAL SAMPLE DRILLHOLES</b>													
SHDDM0001	(i)	49	54.5	5.5	0.44	27	0.06	0.50	2.62	4.24	2.02	4.22	4.22
SHDDM0002		0	48	48	0.15	7	0.07	0.05	0.54	1.05	0.50	1.04	1.04
SHDDM0003		50	54	4	0.06	3	0.04	0.04	0.45	0.69	0.33	0.69	0.69
SHDDM0003		63	66	3	0.41	20	0.13	0.19	0.82	2.10	1.00	2.09	2.09
SHDDM0003		78	81	3	0.45	12	0.10	0.10	0.88	1.89	0.90	1.88	1.88
<b>VEIN 5 DRILL HOLES</b>													
SHDDR0001		115	118	3	2.01	19	0.03	0.03	0.87	3.36	1.60	3.34	3.34
SHDDR0001		124	189	65	0.51	30	0.10	0.02	0.81	2.17	1.03	2.15	2.15
SHDDR0001		196	213	17	0.24	8	0.03	0.01	0.40	0.87	0.41	0.86	0.86
SHDDR0008		87	176	89	1.42	66	0.11	0.03	1.13	4.12	1.96	4.10	4.10
SHDDR0008		196	210	14	0.16	13	0.06	0.00	0.98	1.54	0.73	1.53	1.53

Note	(i)	End of Hole
	(ii)	3m minimum intersection length
	(iii)	4m maximum contiguous waste
	(iv)	No upper cuts
	(v)	True widths approximately 90% of intersection widths

Dr. Julian F. H. Barnes, a qualified person under NI 43-101 and Executive Vice President of DPM, has supervised the preparation of the technical data included in this press release.

All resource estimates quoted herein are based on prior data and reports obtained and prepared by previous operators and information provided by the State. The Company has not yet completed the work necessary to verify the classification of the mineral resource estimates. The Company is not treating the mineral resource estimates as NI 43-101 defined resources verified by a qualified person. The historical estimates should not be relied upon.

These properties will require considerable further evaluation which DPM's management and consultants are carrying out.

Dundee Precious Metals Inc. is a Canadian based, international mining company engaged in the acquisition, exploration, development and mining of precious metals. It 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, DPM owns the Back River gold exploration project in Nunavut, Canada and a 95% interest in the Kapan Mine in Armenia. The Company also holds a significant and strategic portfolio of investments in the precious metals and mineral related sector.

#### 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](http://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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**FIGURE 1**

FIGURE 2

Vein 5 Area

