



## DUNDEE PRECIOUS METALS REPORTS SECOND QUARTER 2008 RESULTS

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

**Toronto, Ontario, July 30, 2008** – Dundee Precious Metals Inc. (“DPM” or the “Company”) (TSX: DPM and DPM.WT) today announced its unaudited results for the second quarter ended June 30, 2008. DPM reported a second quarter net loss of \$14.1 million (basic and diluted net loss per share of \$0.23). This compares with second quarter ended June 30, 2007 net earnings of \$23.5 million (basic and diluted net earnings per share of \$0.43 and \$0.42, respectively).

“With the approval of the Environmental Impact Assessment and signing of the Memorandum of Understanding with the Bulgarian government, we look forward to advancing the expansion of our Chelopech operation and finalizing our partnership with the Bulgarian government”, said Jonathan Goodman, President and CEO of DPM. “We are also encouraged by very favourable drill results at our Serbian molybdenum project confirming significant resource potential. Advancing the project to prove up additional resources is a clear priority.”

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

<i>\$ millions, except per share amounts</i>	<b>Three Months</b>		<b>Six Months</b>	
<b>Ended June 30,</b>	<b>2008</b>	2007	<b>2008</b>	2007
Net revenue (gold/copper/zinc concentrates)	\$ 32.7	\$ 52.5	\$ 72.5	\$ 73.4
Cost of sales	28.8	26.7	50.7	39.1
Gross profit from mining operations	3.9	25.8	21.8	34.3
Investment income (expense)	(1.4)	16.2	1.0	33.3
Net earnings (loss)	(14.1)	23.5	(5.7)	34.5
Basic net earnings (loss) per share	\$ (0.23)	\$ 0.43	\$ (0.09)	\$ 0.64
Diluted net earnings (loss) per share	\$ (0.23)	\$ 0.42	\$ (0.09)	\$ 0.62
Net cash provided by (used in) operating activities	21.7	(6.9)	14.3	(23.1)
Capital expenditures	(27.6)	(31.7)	(47.4)	(53.3)
Other investing activities	16.9	21.0	20.0	53.8
Financing activities	(1.3)	69.2	(1.9)	68.9
Net increase (decrease) in cash	\$ 9.7	\$ 51.6	\$ (15.0)	\$ 46.3
Concentrate produced (mt)				
Chelopech	11,987	14,396	26,170	33,432
Deno Gold	2,704	2,341	4,589	4,289
Cash cost per tonne ore processed (US\$/t) <sup>1</sup>				
Chelopech	\$ 68.03	\$ 44.46	\$ 63.52	\$ 42.66
Deno Gold	\$ 110.65	\$ 62.85	\$ 109.05	\$ 62.23

<sup>1</sup> A reconciliation of the Company’s cash cost per tonne ore processed to cost of sales under Canadian GAAP for the second quarters of 2008 and 2007 is shown in the section entitled “Non-GAAP Financial Measures.”

## SECOND QUARTER OF 2008 - FINANCIAL HIGHLIGHTS

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- Net loss for the second quarter of 2008 was \$14.1 million compared with net earnings of \$23.5 million in the second quarter of 2007. Lower gross profit from mining operations and lower net realized gains on sales of investments in the second quarter of 2008, relative to the second quarter of 2007, largely contributed to the net loss. The decrease in gross profit from mining operations was due to lower deliveries of concentrate and higher production costs at Deno Gold and Chelopech partially offset by stronger prices for gold, copper and silver. Included in the second quarter of 2008 results was a loss of \$1.9 million on the sale of the Company's holdings in Crescent Gold Limited.
- The Chelopech gold/copper operation reported net revenue of \$24.7 million on corresponding concentrate deliveries of 11,891 tonnes. Chelopech cash cost per tonne of ore processed<sup>1</sup> was negatively impacted by the appreciation of the Euro relative to the U.S. dollar, lower volumes of material processed, 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), higher employment expenses and rising prices for diesel and power. Approximately 41% of the increase in cash cost per tonne at Chelopech was due to the appreciation of the Euro relative to the U.S. dollar, 21% to lower volumes of material processed, 17% to the introduction of cemented rock fill and hydraulic fill, 14% to higher employment expenses and 7% to higher rates for diesel and power.
- The Deno Gold operation reported net revenue of \$8.1 million on corresponding concentrate deliveries of 3,592 tonnes. Cash cost per tonne of ore processed<sup>1</sup> at Deno Gold was negatively impacted by the addition of human and material resources required to improve the levels of safety, communications and general operating standards, lower volumes of material processed, the appreciation of the Armenian dram relative to the U.S. dollar, higher mining costs, as a result of poor ground conditions in the mines, and rising prices for fuel, diesel and some reagents.
- As at June 30, 2008, DPM had cash and marketable securities of \$84.4 million (market value) versus \$115.2 million (market value) at December 31, 2007.
- Cash provided by operating activities in the second quarter of 2008 totalled \$21.7 million due primarily to a decrease in working capital of \$30.2 million partially offset by the pre-tax loss.

## SIGNIFICANT ITEMS

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- On July 30, 2008, the Company announced that the Bulgarian Minister of Environment and Waters signed the Environmental Impact Assessment ("EIA") for the Company's Chelopech expansion project. The approved EIA contemplates the expansion of the Chelopech Mine to an annual processing rate of up to 2 million tonnes per year in its first stage (the permit allows for an expansion up to 3 million tonnes per year) and the construction of a metals processing facility at the site. With this approval, DPM is now in a position to obtain the construction and operating permits required to complete the project. The definitive feasibility study is currently being updated to reflect current circumstances and will be finalized during the fourth quarter of 2008.
- On July 10, 2008, the Company announced that, further to a resolution of the Council of Ministers announced in its press release of June 26, the Minister of Economy, in representation of the Government of Bulgaria, signed its Memorandum of Understanding ("MOU") with DPM. The MOU sets out the principles of partnership between DPM and the Bulgarian Government and defines the conditions for the establishment of a new company to treat the Chelopech gold/copper concentrate and the corresponding amendments to the concession agreement. On March 10, 2008, the Company

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

had entered into an agreement-in-principle with the Bulgarian Government concerning the proposed expansion of the Chelopech gold/copper mine and processing facility.

- On July 24, 2008, Chelopech concluded an amendment and restatement agreement with the European Bank for Reconstruction and Development to amend and restate its existing US\$10 million long-term loan agreement, increasing it to an aggregate amount of US\$25 million. Proceeds from the financing will be used to fund ongoing and project related capital expenditures.
- Following the July 3, 2008 announcement by Eldorado Gold Corporation (“Eldorado”) of its successful bid to acquire greater than 66<sup>2/3</sup>% of the issued and outstanding shares of Frontier Pacific Mining Corporation (“Frontier Pacific”), DPM received 5,117,021 common shares of Eldorado and a minimal amount of cash in exchange for its shares in Frontier Pacific. On July 22, 2008, DPM sold its holdings in Eldorado for cash proceeds of \$41 million.
- An independent National Instrument 43-101 (“NI 43-101”) resource estimate, for the Surdulica Molybdenum (“Mo”) – Rhenium (“Re”) project in Serbia, was completed by Coffey Mining Pty Ltd using the exploration data collected during 2007. The resource estimate, based on the 26,400 metres of diamond drilling, reverse circulation drilling and trench sampling carried out in 2007, has returned an Inferred Resource of 106 million tonnes grading 518 parts per million Mo (0.052%) and 0.16 ppm Re, based on a 300 ppm Mo cut-off grade. Over 90% of the geochemical anomalies identified at Surdulica remain to be drill tested. Review of the soil sampling data has shown excellent correlation with the resource drilled to date reinforcing the potential of the project. An aggressive program of follow-up drilling is underway in order to determine the extent of the mineralization at Surdulica.

A complete set of DPM’s Consolidated Financial Statements, Notes to the Consolidated Financial Statements and Management’s Discussion and Analysis for the second quarter ended June 30, 2008 are posted on the Company’s website at [www.dundeeprecious.com](http://www.dundeeprecious.com) and have been filed on Sedar at [www.sedar.com](http://www.sedar.com).

## SECOND QUARTER RESULTS BROADCAST

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DPM will be hosting an analyst meeting to present its 2008 second quarter financial results on Thursday, July 31, 2008 at 8.30 am (Toronto time). The meeting will be webcast live (audio only) at: <http://events.onlinebroadcasting.com/dundee/073108/index.php>

The audio webcast for this conference call will be archived and available on the Company’s website at [www.dundeeprecious.com](http://www.dundeeprecious.com).

## OVERVIEW

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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 Vatrín Investment Limited (“Vatrín”), 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

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### **Net Revenue**

Net revenue from the sale of concentrates of \$32.7 million in the second quarter of 2008 was 38% lower than second quarter of 2007 due to lower deliveries of concentrates from Chelopech partially offset by stronger metal prices for gold, copper and silver. Deliveries of gold/copper concentrates produced at Chelopech totalled 11,891 tonnes in the second quarter of 2008 and were 55% lower than second quarter of 2007 deliveries of 26,580 tonnes. Net revenue in the second quarter of 2007 reflected a drawdown of concentrate inventory of 12,184 tonnes, whereas in the second quarter of 2008, there was no drawdown of concentrate inventory. Deliveries of concentrates produced at Deno Gold totalled 3,592 tonnes in the second quarter of 2008 and were 36% higher than second quarter of 2007 deliveries of 2,643 tonnes.

Net revenue from the sale of concentrates of \$72.5 million in the first half of 2008 was comparable to the net revenue in the corresponding prior year period. The benefits of stronger metal prices in 2008 were offset by lower deliveries of concentrates as a result of lower production of concentrate in 2008. Deliveries of gold/copper concentrates produced at Chelopech totalled 30,420 tonnes in the first half of 2008 and were 19% lower than first half of 2007 deliveries of 37,744 tonnes as a result of lower production of concentrate in 2008. Deliveries of concentrates produced at Deno Gold totalled 4,464 tonnes in the first half of 2008 and were 20% higher than first half of 2007 deliveries of 3,721 tonnes.

### **Cost of sales**

Cost of sales of \$28.8 million in the second quarter of 2008 was \$2.1 million or 8% 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 processed<sup>1</sup> increased cost of sales by approximately \$8.9 million and lower volumes of concentrate deliveries resulted in a decrease in cost of sales of approximately \$6.8 million.

Cost of sales of \$50.7 million in the first half of 2008 was \$11.7 million or 30% 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 processed<sup>1</sup> resulted in an increase in cost of sales of approximately \$14.0 million and lower volumes of concentrate deliveries resulted in a decrease in cost of sales of approximately \$2.3 million.

Cash cost per tonne of ore processed<sup>1</sup> at Chelopech in the second quarter and first half of 2008 increased by 53% and 49%, respectively, relative to the corresponding prior year periods due to the appreciation of the Euro relative to the U.S. dollar, lower volumes of material processed, 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), higher employment expenses and rising prices for diesel and power. Cash cost per tonne of ore processed<sup>1</sup> at Deno Gold increased by 76% and 75%, in the second quarter and first half of 2008, respectively, relative to the corresponding periods in 2007 due to the significant increase in human and material resources required to improve the levels of safety, communications and general operating standards towards the Company's required levels, the appreciation of the Armenian dram relative to the U.S. dollar, lower volumes of material processed, higher mining costs as a result of poor ground conditions in the mines and rising prices for fuel, diesel and some reagents.

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

### **Investment income (expense)**

Investment expense in the second quarter of 2008 totalled \$1.4 million compared to investment income of \$16.2 million in the second quarter of 2007. The decrease was primarily due to lower net realized gains on sales of investments and write-down of investments totalling \$1.0 million in the second quarter of 2008. Included in the second quarter of 2008 results was a loss of \$1.9 million on the sale of DPM's holdings in Crescent Gold Limited.

Investment income in the first half of 2008 totalled \$1.0 million, a decrease of \$32.3 million relative to investment income of \$33.3 million in the first half of 2007. The decrease was primarily due to lower net realized gains on sales of investments in the six months ended June 30, 2008.

### **Exploration expense**

Exploration expense was \$8.9 million and \$14.0 million in the second quarter and first half of 2008 compared with \$7.6 million and \$12.0 million in the corresponding prior year periods, respectively. The higher spending in 2008 was related to an increased level of exploration activity in Serbia.

### **Income tax expense**

The Company's effective tax recovery rate of 0.6% in the second quarter of 2008 was lower than the statutory rate of 33.5% due to unrecognized tax benefits related to losses partially offset by the benefit of profits earned in jurisdictions having a lower tax rate. The Company's effective tax rate for the second quarter of 2007 was 13.8% due to the non-taxable portion of capital gains related to the sales of investments and the benefit of profits earned in jurisdictions having a lower tax rate partially offset by unrecognized tax benefits relating to operating losses.

### **Cash Flow and Financial Condition**

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

<i>\$ thousands</i> Ended June 30,	Three Months		Six Months	
	2008	2007	2008	2007
Net earnings (loss)	\$ (14,118)	23,506	\$ (5,690)	\$ 34,521
Non-cash charges (credits) to earnings:				
Amortization of property, plant and equipment	3,613	2,904	7,142	5,902
Net realized (gains) losses on sale of investments	1,289	(17,331)	(496)	(36,844)
Other	662	868	886	4,799
Total non-cash charges (credits) to earnings	5,564	(13,559)	7,532	(26,143)
Decrease (increase) in non-cash working capital	30,225	(16,840)	12,481	(31,521)
Net cash provided by (used in) operating activities	\$ 21,671	(6,893)	\$ 14,323	\$ (23,143)

Cash provided by operating activities in the second quarter of 2008 was \$21.7 million, compared with cash used in operating activities of \$6.9 million in the second quarter of 2007. The increase in cash provided by operating activities in the second quarter of 2008, relative to the second quarter of 2007, was due to a decrease in working capital requirements, whereas in the second quarter of 2007, there was an increase in working capital requirements. This was partially offset by lower gross profit from mining operations in the second quarter of 2008. The decrease in working capital requirements in the second quarter of 2008 was primarily due to a decrease in trade receivables as a result of timing of cash receipts from customers and an increase in deferred revenue related to a shipment to one of our customers.

Cash provided by operating activities in the first half of 2008 was \$14.3 million, compared with cash used in operating activities of \$23.1 million in the first half of 2007. The increase in cash provided by operating activities in the first half of 2008, relative to the first half of 2007, was primarily due to a decrease in working capital requirements, whereas in the first half of 2007, there was an increase in working capital requirements. This was partially offset by lower gross profit from mining operations in the first half of 2008. The decrease in working capital requirements in the first half of 2008 was primarily due to an increase in deferred revenue and an increase in accounts payable partially offset by an increase in supplies inventory.

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

<i>\$ thousands</i>	<b>Three Months</b>		<b>Three Months</b>	
<b>Ended June 30,</b>	<b>2008</b>	2007	<b>2008</b>	2007
Purchase of investments	-	(11,580)	\$ -	\$ (11,796)
Proceeds on sale of investments	<b>16,214</b>	32,558	<b>19,191</b>	65,624
Capital expenditures	<b>(27,637)</b>	(31,680)	<b>(47,360)</b>	(53,345)
Proceeds on disposal of fixed assets	<b>709</b>	-	<b>709</b>	-
Net cash provided by (used in) investing activities	<b>(10,714)</b>	(10,702)	<b>\$ (27,460)</b>	\$ 483

Capital expenditures for the Chelopech mine in the second quarter and first half of 2008 of \$12.6 million and \$24.3 million were 32% and 27% 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 environmental impact assessment to be approved by the Bulgarian government. Capital expenditures for Deno Gold in the second quarter and first half of 2008, including capitalized exploration, of \$7.7 million and \$13.3 million were 97% and 70% higher, respectively, than the corresponding prior year periods due to increased spending on exploration and mining equipment. Capitalized exploration at Deno Gold totalled \$4.3 million and \$9.0 million in the second quarter and first half of 2008 compared with expenditures of \$1.3 million and \$1.8 million in the second quarter and first half of 2007, respectively.

## 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>			
<b>For the quarter ended June 30, 2008</b>	<b>Chelopech</b>	<b>Deno Gold</b>	<b>Total</b>
Ore processed (mt)	201,887	74,955	
Cost of sales (Cdn\$)	\$ 15,346	\$ 13,454	\$ 28,800
Cost of sales (US\$)	\$ 14,905	\$ 13,069	\$ 27,974
Add/(Deduct):			
Amortization and other non-cash charges	(2,423)	(733)	
Change in concentrate inventory	1,251	(4,042)	
<b>Total cash cost of production (US\$)</b>	<b>\$ 13,733</b>	<b>\$ 8,294</b>	
<b>Cash cost per tonne of ore processed (US\$)</b>	<b>\$ 68.03</b>	<b>\$ 110.65</b>	

<i>\$ thousands, unless otherwise indicated</i>			
<b>For the quarter ended June 30, 2007</b>	<b>Chelopech</b>	<b>Deno Gold</b>	<b>Total</b>
Ore processed (mt)	220,963	92,731	
Cost of sales (Cdn\$)	\$ 19,280	\$ 7,380	\$ 26,660
Cost of sales (US\$)	\$ 16,813	\$ 6,462	\$ 23,275
Deduct:			
Amortization and other non-cash charges	(2,293)	(342)	
Change in concentrate inventory	(4,697)	(291)	
<b>Total cash cost of production (US\$)</b>	<b>\$ 9,823</b>	<b>\$ 5,829</b>	
<b>Cash cost per tonne of ore processed (US\$)</b>	<b>\$ 44.46</b>	<b>\$ 62.85</b>	

# CONSOLIDATED BALANCE SHEETS

As at June 30, 2008 and December 31, 2007

(in thousands of Canadian dollars, unaudited)

	June 30, 2008	December 31, 2007
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash and cash equivalents	\$ 34,146	\$ 49,175
Accounts receivable and other assets	42,833	39,274
Inventories	34,527	32,396
<b>Total current assets</b>	<b>111,506</b>	<b>120,845</b>
<b>Portfolio investments at market value</b>	<b>5,448</b>	<b>34,567</b>
<b>Equity accounted investments</b> (market value - \$44,879; December 2007 - \$31,457)	<b>13,539</b>	<b>13,665</b>
<b>Other long-term assets</b>	<b>6,428</b>	<b>9,570</b>
<b>Property, plant &amp; equipment</b>	<b>394,605</b>	<b>354,549</b>
<b>Future income tax asset</b>	<b>10,108</b>	<b>5,272</b>
<b>Total assets</b>	<b>\$ 541,634</b>	<b>\$ 538,468</b>
<b>LIABILITIES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	29,599	24,140
Deferred revenue	9,562	-
Current portion of long-term debt and other long-term liabilities	3,697	3,604
<b>Total current liabilities</b>	<b>42,858</b>	<b>27,744</b>
<b>Long-term Liabilities</b>		
Long-term debt	4,918	6,114
Reclamation and other long-term liabilities	14,308	13,617
Long-term compensation	3,020	3,233
Future income tax liability	21,256	16,380
<b>Total long-term liabilities</b>	<b>43,502</b>	<b>39,344</b>
<b>SHAREHOLDERS' EQUITY</b>		
Share capital	265,197	268,669
Warrants	4,758	4,758
Contributed surplus	10,024	9,081
Retained earnings	178,820	184,510
Accumulated other comprehensive earnings (loss)	(3,525)	4,362
<b>Total shareholders' equity</b>	<b>455,274</b>	<b>471,380</b>
<b>Total liabilities and shareholders' equity</b>	<b>\$ 541,634</b>	<b>\$ 538,468</b>

# CONSOLIDATED STATEMENTS OF EARNINGS

For the three and six months ended June 30, 2008 and 2007

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

Ended June 30,	Three Months		Six Months	
	2008	2007	2008	2007
<b>Mining Operations</b>				
Gold/copper/zinc concentrates net revenue	\$ 32,719	\$ 52,469	\$ 72,471	\$ 73,370
Cost of sales	28,800	26,660	50,716	39,063
<b>Gross profit</b>	<b>3,919</b>	<b>25,809</b>	<b>21,755</b>	<b>34,307</b>
<b>Investment income (expense)</b>				
Dividends, interest and other income	912	269	1,577	516
Loss on equity accounted investments	(105)	(539)	(126)	(930)
Net realized gains (losses) on sale of investments	(1,289)	17,331	496	36,844
Loss on copper put options	-	(828)	-	(3,134)
Impaired investments written down to market value	(951)	-	(951)	-
<b>Investment income (expense)</b>	<b>(1,433)</b>	<b>16,233</b>	<b>996</b>	<b>33,296</b>
<b>Earnings before undernoted items</b>	<b>2,486</b>	<b>42,042</b>	<b>22,751</b>	<b>67,603</b>
<b>Expenses</b>				
Administrative and other expenses	5,126	5,488	10,064	10,346
Stock based compensation expense	483	(247)	621	524
Exploration expense	8,936	7,608	13,976	12,021
Amortization of property, plant and equipment	589	408	1,238	854
Financing and other costs	379	630	1,185	1,459
Foreign exchange loss	1,177	876	686	2,016
<b>Total expenses</b>	<b>16,690</b>	<b>14,763</b>	<b>27,770</b>	<b>27,220</b>
<b>Earnings (loss) before income taxes</b>	<b>(14,204)</b>	<b>27,279</b>	<b>(5,019)</b>	<b>40,383</b>
<b>Provision for (recovery of) income taxes</b>				
Current	797	2,152	2,565	4,119
Future	(883)	1,621	(1,894)	1,743
<b>Total provision for (recovery of) income taxes</b>	<b>(86)</b>	<b>3,773</b>	<b>671</b>	<b>5,862</b>
<b>Net earnings (loss) for the period</b>	<b>\$ (14,118)</b>	<b>\$ 23,506</b>	<b>\$ (5,690)</b>	<b>\$ 34,521</b>
<b>Basic net earnings (loss) per share</b>	<b>\$ (0.23)</b>	<b>\$ 0.43</b>	<b>\$ (0.09)</b>	<b>\$ 0.64</b>
<b>Diluted net earnings (loss) per share</b>	<b>\$ (0.23)</b>	<b>\$ 0.42</b>	<b>\$ (0.09)</b>	<b>\$ 0.62</b>

# CONSOLIDATED STATEMENTS OF CASH FLOW

For the three and six months ended June 30, 2008 and 2007

(in thousands of Canadian dollars, unaudited)

Ended June 30,	Three Months		Six Months	
	2008	2007	2008	2007
<b>OPERATING ACTIVITIES</b>				
Net earnings (loss) for the period	\$ (14,118)	\$ 23,506	\$ (5,690)	\$ 34,521
Non-cash charges (credits) to earnings:				
Amortization of property, plant and equipment	3,613	2,904	7,142	5,902
Stock based compensation expense	483	(247)	621	524
Net losses (gains) on sale of investments	1,289	(17,331)	(496)	(36,844)
Impaired investments written down to market value	951	-	951	-
Unrealized loss on revaluation of debt	68	180	277	131
Future income taxes	(883)	1,621	(1,894)	1,743
Loss on copper put options	-	828	-	3,134
Other non-cash charges (credits)	43	(1,514)	931	(733)
Changes in non-cash working capital:				
Decrease (increase) in accounts receivable and other assets	12,531	(13,572)	(3,559)	(16,338)
Decrease (increase) in inventories	708	4,469	(2,131)	(4,411)
Decrease (increase) in other long-term assets	4,203	353	3,142	(463)
Increase (decrease) in accounts payable	3,227	(8,025)	5,459	(4,495)
Increase (decrease) in deferred revenue	9,562	-	9,562	(6,246)
Increase (decrease) in other liabilities	(6)	(65)	8	432
<b>Net cash provided by (used in) operating activities</b>	<b>21,671</b>	<b>(6,893)</b>	<b>14,323</b>	<b>(23,143)</b>
<b>INVESTING ACTIVITIES</b>				
Purchase of investments	-	(11,580)	-	(11,796)
Proceeds on sale of investments	16,214	32,558	19,191	65,624
Acquisition of property, plant and equipment	(27,637)	(31,680)	(47,360)	(53,345)
Proceeds on sale of plant and equipment	709	-	709	-
<b>Net cash provided by (used in) investing activities</b>	<b>(10,714)</b>	<b>(10,702)</b>	<b>(27,460)</b>	<b>483</b>
<b>FINANCING ACTIVITIES</b>				
Issue of common shares	-	58	-	708
Net proceeds of equity financing	-	70,446	-	70,446
Redemption of deferred share units	-	-	(58)	-
Repayment of debt	(1,271)	(1,332)	(1,834)	(2,202)
<b>Net cash provided by (used in) financing activities</b>	<b>(1,271)</b>	<b>69,172</b>	<b>(1,892)</b>	<b>68,952</b>
<b>Increase (decrease) in cash and equivalents</b>	<b>9,686</b>	<b>51,577</b>	<b>(15,029)</b>	<b>46,292</b>
<b>Cash and equivalents at beginning of period</b>	<b>24,460</b>	<b>26,708</b>	<b>49,175</b>	<b>31,993</b>
<b>Cash and equivalents at end of period</b>	<b>\$ 34,146</b>	<b>\$ 78,285</b>	<b>\$ 34,146</b>	<b>\$ 78,285</b>

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING STATEMENTS

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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](http://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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