



**DPM 2006 SECOND QUARTER REPORT
STRONG OPERATIONAL AND FINANCIAL RESULTS
PERMITTING DELAYS CONTINUE IN BULGARIA**

(All amounts have been expressed in Canadian dollars except where indicated.)

Toronto, August 4, 2006 – Dundee Precious Metals Inc. (DPM – TSX) (“Dundee Precious”, “DPM” or “the Company”) announced its 2006 second quarter financial results with continued improvements in its operations and solid earnings while the permitting process in Bulgaria faces political delays.

“We have just finalized yet another profitable quarter at Chelopech where we are clearly benefiting from higher metal prices. We are in great financial shape and are very excited with the progress being made at our exploration projects,” said Jonathan Goodman, President and CEO of Dundee Precious Metals. “We believe the challenges resulting from the continued delays in the permitting process of our Bulgarian Projects, are nearing a critical point that will cause us to make the appropriate decisions to move our Projects forward,” he added.

HIGHLIGHTS

- DPM had net earnings of \$34.3 million or \$0.64 per share (\$0.61 per share on a diluted basis) and \$38.0 million or \$0.71 per share (\$0.68 per share on a diluted basis) for the three and six months ended June 30, 2006, compared with a net loss of \$3.8 million or \$0.07 per share and \$5.3 million or \$0.10 per share for the three and six months ended June 30, 2005, respectively.
- As at June 30, 2006, the Company had working capital of \$104.4 million and an investment portfolio with a market value of \$186.2 million, which in the aggregate equated to \$5.39 per share, up from \$5.12 per share at December 31, 2005.
- The Chelopech gold/copper mine earned a gross profit of \$28.6 million and \$38.7 million on sales of 15,787 tonnes and 29,947 tonnes of gold/copper concentrate for the three and six months ended June 30, 2006, respectively, as a result of high commodity prices.
- Investment activities generated gross investment income of \$25.7 million and \$26.0 million for the three and six months ended June 30, 2006, respectively.
- On July 10, 2006, the Bulgarian Court denied the Company's claim that the Ministry of the Environment and Waters (“MoEW”) had failed to rule on the EIA submitted on the Krumovgrad Gold Project within the statutory time limit established under Bulgarian law. The Company intends to appeal the Court's ruling and is considering pursuing its rights in the International Courts.
- The market for high arsenic bearing concentrate continues to weaken. The ongoing delay in obtaining the final approval of the Chelopech EIA has caused the Company to commence assessing alternative locations for its proposed metal processing facilities. This situation may result in a slowing down or suspension of operations at Chelopech in 2008 until facilities capable of processing the Chelopech material can be constructed and commissioned or alternative markets for the Chelopech concentrate can be found.

- The Company has fulfilled all of its registration obligations on its recently acquired Crni Vrh concessions in Serbia and has commenced an aggressive exploration program.
- The Company recently purchased copper put options to sell up to 11,825mt of copper at US\$2.50/lb over the period October 2006 to December 2007 as protection against the possibility of declining copper prices. The puts will be marked-to-market at the end of each reporting period until they are sold or expire.
- On July 25, 2006, DPM announced it had completed the purchase of a 100% interest in the Back River Project in Nunavut for US\$6.0 million (Cdn\$6.8 million). DPM has invested \$31.6 million in the property to the end of June 30, 2006 under the previous option agreement.

A complete set of DPM's consolidated financial statements and the Management's Discussion and Analysis for the six months ended June 30, 2006, are posted on our website at www.dundeeprecious.com and have been filed on Sedar at www.sedar.com.

An analyst conference call is scheduled for Tuesday, August 8, 2006 at 8:30 a.m. (EST) to present these results and will be webcast live at <http://phx.corporate-ir.net/playerlink.zhtml?c=69218&s=wm&e=1359265>. The audio webcast for this conference call will be archived and available on the Company's website.

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, Dundee owns a 100% interest in the Back River gold exploration project in Nunavut, Canada. 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 "*Risks 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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