



**DUNDEE PRECIOUS METALS  
ANNOUNCES INITIAL RESULTS AS AN OPERATING COMPANY  
FOR SECOND QUARTER 2004**

**IMMEDIATE RELEASE**

**Toronto, August 10, 2004 - Dundee Precious Metals Inc.** (DPM – TSX) (“Dundee Precious” or the “Company”) is pleased to present its financial results for the quarter ended June 30, 2004, the first period in which the Company is reporting as an operating mining company that is engaged in the acquisition, exploration, development of and production from mining properties. Prior to April 1, 2004, the Company reported as a closed-end investment company.

“We are very pleased with the progress made during the quarter as the Company transformed itself from an investment company to an operating mining company. Our second quarter earnings reflect the one time costs of terminating the investment management agreement and completing the Company’s conversion” said Jonathan Goodman, President and CEO. “We have commenced feasibility studies on the Company’s properties in Bulgaria and have finalized infill drill programs on both properties with new resource statements expected by the beginning of October 2004.”

**Financial Results**

For the three months ended June 30, 2004, the Company reported a consolidated loss of \$10.7 million or \$0.20 per share compared to a gain of \$18.9 million or \$0.55 per share for the three months ended July 31, 2003. The second quarter loss reflects: (i) the absorption of the termination costs of the investment management agreement of \$29.2 million, (ii) the financial results of the recently acquired mining businesses, which generated a pre-tax profit of slightly over \$1.0 million primarily due to the strong commodity prices, and (iii) investment income of \$14.6 million, principally from the gains on sales of a portion of the investment portfolio. Administrative and financing costs totalled \$4.4 million and tax recoveries aggregated \$6.9 million during the period. The financial results for the comparable quarter ended July 31, 2003 reflect the activities of an investment company only. Net income of \$18.9 million was attributable to realized gains on the disposition of investments aggregating \$26.4 million reduced by administrative expenses and management and performance fees of \$1.9 million less a provision for income taxes of \$5.6 million.

The Company earned \$9.2 million or \$0.19 per share in the five month period ended June 30, 2004. The profit was attributable to gains on the sales of investments of \$41.0 million, offset by the cost of terminating the management agreement of \$29.2 million and administrative costs and other costs of \$5.1 million. The Company recorded a provision for the recovery of income taxes of \$2.5 million for the period. For the comparative six month period ended July 31, 2003, during which the Company operated as an investment company only, investment income of \$37.9 million was reduced by administrative and management fees totalling \$2.7 million and income taxes of \$7.8 million resulting in a net income of \$27.3 million or \$0.79 per share.

As at June 30, 2004 the Company had working capital of \$131.8 million, investments in publicly tradeable securities with a market value of \$150.2 million and long term liabilities aggregating \$12.5 million, together with capital assets invested in the mining operations totalling \$59.6 million, which resulted in a per share value of the Company of \$6.08.

### **Mining Activities**

The Company owns (1) a producing gold/copper concentrate mine ("Chelopech") located 75 kilometers east of Sofia, the capital city of Bulgaria, which is being re-developed for expansion and evaluated for conversion to refined metal production; (2) an advanced stage gold project located near Krumovgrad in south-east Bulgaria, which is currently in the final stages of feasibility studies for development as a producing mine ("Ada Tepe"); and (3) a series of exploration properties in Bulgaria, principally in the Central and Eastern Rhodope region.

#### *Chelopech*

The volume of ore mined at Chelopech continued to increase during the quarter as improved mining procedures were implemented and new equipment was introduced. A total of 162,440 tonnes of ore were mined in the quarter ended June 30, 2004, an increase of 6.9% from the previous quarter. In addition, grades of contained metal were ahead of the prior quarter at 1.68% copper and 3.99 grams per tonne of gold.

The percentage of metals recovered in the gold/copper concentrate also continued to improve. During the second quarter, Chelopech recovered 85.1% of the contained copper and 62.2% of the contained gold.

The direct cash cost per tonne of ore mined and processed during the quarter was US\$29.96. Direct cash cost per tonne is a non-GAAP measure grouping certain direct mine site operating costs, but excluding mine site administration (US\$4.71 per tonne) and depreciation (US\$6.44 per tonne).

A total of 14,866 dry tonnes of gold/copper concentrate were produced containing 2.34 tonnes of copper, 13,204 ounces of gold and 24,518 ounces of silver. A total of 14,787 dry tonnes of gold/copper concentrate were sold during the quarter. As at June 30, 2004, 13,800 dry tonnes of gold/copper concentrate were on hand or in transit, comparable to the volume on hand at the end of the prior quarter.

The mine generated \$2.9 million in cash flow during the quarter. A total of \$4.7 million in capital expenditures were incurred of which \$2.1 million was spent on improvements to the mine and over \$1.1 million was incurred on drilling and resource evaluation work.

The aggregate costs for the re-development and expansion of the Chelopech mine is estimated to be US\$40 million. A total of US\$20.5 million is planned to be spent during 2004, of which US\$7.3 million has been incurred to June 30, 2004.

## *Ada Tepe*

The principal activities to date at Ada Tepe have been focused on resource and mineable reserve determination which is expected to be completed by the beginning of October 2004. During the second quarter of 2004, 2,628 meters of diamond core were drilled and 12,114 meters of reverse circulation drilling was completed. A total of 16,698 assays were completed at independent laboratories to the end of June 2004. An aggregate of \$2.1 million was spent on the exploration and evaluation program in the second quarter.

A bankable feasibility study for the project has been commissioned and commenced and the Company has also begun a thorough environmental assessment and community consultation and information program.

### **Investment Portfolio**

Dundee Precious continues to hold a significant investment portfolio of marketable securities of mining companies, principally focused on the exploration and development of precious metals properties throughout the world. As at June 30, 2004, the portfolio had a market value of slightly over \$150 million. The top four positions as at June 30, 2004, at market, are: Cambior Inc. - \$31 million; Tahera Diamond Corporation - \$23 million; Miramar Mining Corporation - \$22 million; and Major Drilling Group International Inc. - \$17 million; which, in the aggregate, represent over 60% of the total portfolio.

Dundee Precious Metals Inc. is an operating 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 Ada Tepe, a gold exploration property, both located in Bulgaria and also holds a portfolio of investments in the precious metals and mineral related sector.

The interim consolidated financial statements and Management's Discussion and Analysis will be published in the Company's Second Quarter 2004 Report to Shareholders which will be mailed to shareholders and available through the System for Electronic Document Analysis and Retrieval (SEDAR) website at [www.sedar.ca](http://www.sedar.ca) as well as the Company's website at [www.dundeeprecious.com](http://www.dundeeprecious.com) on or before August 13, 2004.

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](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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