



**PROGRESS REPORT ON BULGARIAN ACTIVITIES
KRUMOVGRAD - ADA TEPE DEPOSIT : CONTRACT FOR FEASIBILITY STUDY AWARDED
CHELOPECH MINE TARGETS YEAR END PRODUCTION RATE OF 65,000 TONNES/MONTH**

Toronto, September 17, 2004 – Dundee Precious Metals Inc. (DPM – TSX) (“Dundee Precious” or “the Company”) has awarded the contract for the feasibility study of the Ada Tepe deposit in the Krumovgrad region to Ausenco Limited, an Australian based engineering company, while its Chelopech Mine has targeted a year-end rate of 65,000 tonnes per month and continues to develop capital projects underground in order to achieve production levels of approximately 125,000 tonnes per month by mid 2006.

Krumovgrad

Infill drilling of the Ada Tepe deposit has been completed. RSG Global, a consulting group based in Perth, Western Australia, is calculating an updated resource estimate which should be finalized by the middle of October. Drilling of other targets on the Krumovgrad license is almost completed and preliminary results are expected by the end of October.

The contract for a feasibility study of the Krumovgrad Gold Project was awarded to Ausenco Limited, an Australian engineering company, and is expected to be completed during the first quarter of 2005.

An environmental impact assessment scoping report is underway and an environmental impact assessment will be completed during the first quarter of 2005. A socio-economic impact assessment is being completed by Vitosha Research EOOD, a Sofia based consulting group, and is due for completion by the end of October 2004.

The Company has initiated a process of community communication and is working with a seventeen member committee assembled by local authorities. By working closely with this committee, the Company intends to provide the community with clear

and accurate information on its development activities, while addressing any concerns of the community on an ongoing basis. In addition, the Company has encouraged the community to engage their own technical expert to review our plans and have input into the process.

A second group has organized to solicit support in the community against the project. The Company has offered to meet with them to obtain a better understanding of their concerns in order to properly address them.

We remain confident that the community will support Dundee Precious in the construction of the mine at Ada Tepe which will stand as a model of best practices, respect for the environment and will be a very positive contributor to the economy of the local community and the region.

Chelopech Mine

Production rate for the month of August reached 56,000 tonnes. The Company intends to continue to expand the production up to 65,000 tonnes per month levels by year-end and reach its target of approximately 125,000 tonnes per month by mid 2006. The short term goal will focus on the acceleration of capital projects

underground, the mobilization of additional underground equipment and the completion of an extensive maintenance program of the existing underground fleet.

Infill drilling at Chelopech has been completed and RSG Global will provide an updated resource estimate by the end of October.

The feasibility study, which will evaluate direct metal production utilizing autoclave technology, is being prepared by GRD Minproc Ltd., a Perth based engineering company, and it is scheduled to be finalized

by the end of the first quarter of 2005. An environmental impact assessment scoping report, which is being prepared by the Balkan Educational and Scientific Centre for Ecology and Protection of the Environment, a Sofia based group, and overviewed by Scott Wilson Mining, a consultant based in the United Kingdom, is nearing completion. Also, in the near term, the Company intends to commence a community information program similar to that in Krumovgrad.

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. The Company is engaging in mineral exploration activities in the region and holds a significant portfolio of investments in the precious metals and mineral related sector.

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