



**YEAR END RESULTS - 2004  
FOCUS ON ASSET GROWTH CONTINUES  
EXPANSION PLANS BACKED BY SOLID FINANCIAL BASE**

Toronto, March 13, 2005 – Dundee Precious Metals Inc. (DPM – TSX) (“Dundee Precious”, “DPM” or “the Company”) is pleased to report on the progress made to date. (All amounts have been expressed in Canadian dollars except where indicated).

“In less than a year, we have successfully converted from a precious metals investment company to a gold mining company and have maintained a strong financial position while building a pipeline of high impact properties”, said Jonathan Goodman, President and CEO.

“We continue to be very happy with the progress achieved during our first eight months as a mining company. As at December 31, 2004 we had over \$4.86 per share in working capital and marketable securities, in addition to a property portfolio with resources of over 4.0 million ounces of gold and 374 thousand tonnes of copper in the measured and indicated resource category in Bulgaria. Environmental Impact Assessments are about to be filed and Definitive Feasibility Studies are nearing completion in connection with developing the new Ada Tepe Gold Project and converting the existing Chelopech Mine from gold / copper concentrate to metal production. In addition, we have recently acquired an option to earn a 60% interest in the Back River Exploration Project in Nunavut which reported an indicated mineral resource of 1.4 million ounces of gold and an inferred mineral resource of 0.6 million ounces of gold last year”, he added.

The Company reported a profit of \$7.9 million (\$0.15 per share) for the eleven months ended December 31, 2004 compared with a profit of \$44.8 million (\$1.28 per share) for the twelve months ended January 31, 2004. The Company reported a profit of \$1.3 million (\$0.03 per share) for the three months ended December 31, 2004 compared with a profit of \$8.4 million (\$0.24 per share) in the three months ended January 31, 2004. The profits are entirely attributable to investment income.

The Bulgarian mining operations were consolidated effective April 1, 2004 as a result of the shareholders’ approval of the conversion to a mining company. In the nine months, Chelopech incurred an operating loss of \$0.8 million on the sale of 39,100 tonnes of concentrate. The low sales were mainly due to poor performance of the underground operating equipment during the last six months of the year delaying the expected ramp up in production. During this period of lower ore production, many of the capital projects originally scheduled for 2005 were advanced forward into 2004. New equipment was sent underground and went into service during the months of December 2004 and January 2005.

Subsequent to year end, the Company completed and released an updated resource statement for the Ada Tepe gold property and settled the remaining obligations relating to the purchase of the Bulgarian assets at a savings of over US\$6.0 million.

**EXPLORATION AND DEVELOPMENT**

The Company is currently re-developing its gold / copper mine (Chelopech) in Bulgaria to increase mine production capacity and to evaluate direct metal production and has furthered development of its advanced

stage gold project (Ada Tepe). In addition, further evaluation work is continuing on the advanced exploration project Back River located in Nunavut

### *Chelopech*

During 2004, the Company advanced development to increase ore production by starting construction of an underground decline, which is expected to be completed by the end of 2005 and started development of the underground workings and the conversion to long-hole open stoping.

The Company is nearing completion of a definitive feasibility study to evaluate metal production on site using autoclave technology.

### *Ada Tepe*

During the year, the Company finalized an initial resource determination which was announced October 15, 2004 and subsequently updated it to a measured and indicated resource containing 835,000 ounces of gold.

A definitive feasibility study for building and operating a gold mine is almost completed. It is anticipated that the mine will produce between 130,000 and 175,000 ounces of gold per year at a low cash cost. Exploration drilling has begun on satellite deposits with a view to adding feed to the planned Ada Tepe mill and extending the life of the project facilities.

## FINANCIAL REVIEW

Dundee Precious began consolidating the results of its mining operations April 1, 2004, the effective date of its conversion to an operating mining company, and changed its fiscal year end from January 31 to December 31.

### Operations Summary

Cdn\$ million

	Three Months December 31, 2004	Three Months January 31, 2004	Eleven Months December 31, 2004	Twelve Months January 31, 2004
Revenue from mining operations				
Gold/copper concentrate	\$ 11.4	\$ -	\$ 26.1	\$ -
Cost of sales	13.2	-	26.9	-
Gross (loss)	(1.8)	-	(0.8)	-
Net investment revenue	10.7	16.0	50.8	68.8
Other income	0.2	-	0.6	-
Net revenue	9.1	16.0	50.6	68.8
Expenses	(7.6)	(4.1)	(16.6)	(10.4)
Termination fee	-	-	(29.2)	-
Income taxes	(0.2)	(3.5)	3.1	(13.6)
Net Income	\$ 1.3	\$ 8.4	\$ 7.9	\$ 44.8
Net income per share				
Basic	\$ 0.03	\$ 0.24	\$ 0.15	\$ 1.28
Fully diluted	\$ 0.03	\$ 0.24	\$ 0.15	\$ 1.28

**Annual Results**

Net revenue of \$50.6 million for the eleven month period ended December 31, 2004 resulted from the following:

- (1) the financial results of the mining business for the nine month period ending December 31, 2004 which had an operating loss of \$0.8 million on the sale of 39,100 dry tonnes of gold/copper concentrate, and
- (2) \$50.8 million in gains on the sale of investments net of investment write-downs of \$2.2 million.

Expenses of \$16.6 million included administrative expense of \$6.3 million; stock compensation expense of \$4.8 million and exploration expense of \$2.9 million. The \$29.2 million expense relates to the cost of terminating the investment management contract.

For the prior year ended January 31, 2004, in which the Company operated as an investment company, investment income of \$68.8 million was reduced by administrative and management fees totaling \$10.4 million and income taxes of \$13.6 million, resulting in a net income of \$44.8 million or \$1.28 per share.

**Fourth Quarter Results**

Revenue from mining operations for the fourth quarter was \$11.4 million from the sale of 16,965 dmt of copper/gold concentrate. At December 31, 2004, 11,303 dmt of concentrate was in inventory of which 9,585 dmt was subsequently sold in January and February 2005.

Cost of sales in the fourth quarter of 2004 was \$13.2 million. The increase in cost of sales in the fourth quarter compared to the prior quarter of 2004 was the result of an increase in the repairs and maintenance of underground equipment resulting in less ore mined which contributed to an increase in unit costs of production.

Expenses of \$7.6 million in the fourth quarter were comprised of administrative expense of \$2.6 million; stock based compensation expense of \$3.5 million and exploration expense of \$1.4 million. The increase in administrative costs over the prior quarter of 2004 resulted from business development activities.

**Cash Flow Summary**

Cdn\$ million	4 <sup>th</sup> Quarter		Year	
	Three Months	Three Months	Eleven Months	Twelve Months
	December 31, 2004	January 31, 2004	December 31, 2004	January 31, 2004
Cash provided (used) in				
Operating activities	\$ (3.9)	\$ (4.7)	\$ (25.6)	\$ (30.8)
Capital and other expenditures	(9.8)	-	(25.3)	-
Investment transactions, net	(15.8)	2.6	38.3	40.3
Financing activities	(0.3)	13.6	59.2	12.8
	<u>\$ (29.8)</u>	<u>\$ 11.6</u>	<u>\$ 46.6</u>	<u>\$ 22.3</u>

### *Operating Activities*

For the eleven months ended December 31, 2004, the Company's operating cash requirement of \$25.6 million, was comprised of:

- \$20.7 million for working capital relating to a \$10.0 million increase in income taxes recoverable, and a \$5.0 million reduction in corporate liabilities primarily related to the prior year's outstanding performance fees payable and administrative expenses of \$6.3 million incurred in converting to and operating as an active mining company over the last nine months; and
- \$4.9 million for the mining operations, mainly due to the required build up of working capital.

During the twelve month period ended January 31, 2004, the period in which the Company operated as an investment company only, the Company had a cash requirement of \$30.8 million, the majority of which related to taxes paid during the period.

### *Capital & Other Expenditures*

The Company invested \$25.3 million (US\$19.9 million) in capital and development from the date the Company consolidated the Bulgarian mining projects.

Of the amount invested in capital development, US\$13.6 million has been spent on the Chelopech Mine as follows:

USD millions	
Establishing reserves	\$ 1.4
Decline	2.7
Mine development	6.5
Mill development	0.7
Autoclave Definitive Feasibility Study	0.9
Other	1.4
<b>Total</b>	<b>\$13.6</b>

US\$6.3 million was spent on the Ada Tepe development project over the same period as follows:

USD millions	
Reserve definition drilling	\$ 2.8
Definitive feasibility study	1.9
Other	1.6
<b>Total</b>	<b>6.3</b>

### *Investment Transactions*

For the eleven months ended December 31, 2004, investment transactions totaled \$38.3 million and comprised of an increase in Investments of \$53.4 million, proceeds on sale of investments of \$87.0 million and cash recorded on the initial consolidation of the Bulgarian mining operations.

### *Financing Activities*

During the current period, cash provided by Financing Activities totaled \$59.2 million, mainly due to \$62.0 million received by the Company from the exercise of warrants and the exercise of an option granted in

connection with the termination of the investment management contract. The Company also spent \$3.2 million in the purchase of its shares in the market for cancellation.

#### **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](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.

Dundee Precious is a Canadian 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, an advanced stage exploration property, both located in Bulgaria and is engaged in mineral exploration activities in the region. In addition, Dundee Precious has the option to earn a 60% interest in the Back River gold project in Nunavut, Canada. The Company also holds a significant and strategic portfolio of investments in the precious metals and mineral related sector.

A complete set of DPM's consolidated financial statements and Management's Discussion and Analysis are posted on our website at [www.dundeeprecious.com](http://www.dundeeprecious.com). An analyst conference call will be webcast live at <http://events.onlinebroadcasting.com/dundee/031405/index.php> on Monday, March 14 at 8:30 am.

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