



## DPM TO APPEAL RULING BY BULGARIAN COURT ON ABSENCE OF DECISION BY MINISTER OF ENVIRONMENT AND WATERS ON KRUMOVGRAD ENVIRONMENTAL IMPACT ASSESSMENT

### IMMEDIATE RELEASE

Toronto, July 12, 2006 – Dundee Precious Metals Inc. (DPM – TSX) (“Dundee Precious”, DPM” or “the Company”) announced that in December 2005, Balkan Mineral and Mining EAD (“BMM,” a wholly owned subsidiary of Dundee Precious Metals Inc.) filed a Claim with the Supreme Administrative Court of Bulgaria (the “Court”) against the Ministry of Environment and Waters (“MoEW”) for failing to render a decision on the Krumovgrad Gold Project’s Environmental Impact Assessment (“EIA”) within the statutory time limit.

The Company’s claim asserts that it has fulfilled all of the requirements of Bulgaria’s Environmental Protection Act (“EPA”) and other applicable legislation. These requirements, which were fulfilled by the Company, include but are not limited to:

- (i) signing a Prospecting and Exploration Contract with the Bulgarian Minister of Economy;
- (ii) registering a Geological Discovery with the MoEW;
- (iii) developing an Investment Project;
- (iv) informing the competent state authorities and the communities concerned about the Investment Project;
- (v) preparing a Terms of Reference for an EIA and discussing it with the competent authorities and the community;
- (vi) assigning the preparation of an EIA to independent experts, licensed under the Bulgarian law, and submitting the EIA to the MoEW;
- (vii) obtaining a grade on the evaluation of the EIA from the MoEW (BMM received a grade of A); and
- (viii) holding public hearings on the EIA.

Within three months after holding a public hearing, the MoEW is obliged by law to make a decision on the EIA.

The Company claimed that the non-rendering of a resolution on the EIA by the MoEW within three months of the public hearings is considered a silent refusal and directly infringes upon the rights of the Company. The essence of the presumption is that in a case where an administrative body is authorized to issue an individual administrative act, including a decision and it fails to do that within the statutory time limits, the non-issuance of the act is considered a silent refusal. The Company requested the Court to revoke the silent refusal of the MoEW and approve the EIA or, alternatively, to instruct the MoEW to address the matter appropriately in compliance with Bulgarian law.

After an open hearing of the case on May 15, 2006, the Court, a panel of three judges, issued its Ruling on July 10, 2006 for the termination of the court proceeding on the grounds of the inadmissibility of the claim. This Ruling was justified by the argument that although the presumption of the silent refusal established in the general law, namely the Administrative Procedure Act (“APA”), it is not explicitly provided for in the EPA and therefore is not applicable. The justification of the Ruling continues with the statement that the MoEW is entitled and obliged to issue an explicit decision on the EIA.

Although the Court’s Ruling confirms that the MoEW is obliged to make a decision, it leaves the Company open to the discretion of the MoEW to delay making the decision indefinitely by excluding the possibility of the Court forcing it to make a decision. Dundee Precious Metals has been advised by counsel that the Court’s ruling to terminate proceedings is contrary to provisions in the Bulgarian constitution and the law. Furthermore, the Company has been advised that in similar cases, the Court has ruled that the APA applies unless specifically prohibited by a particular law. Dundee Precious Metals Inc. will appeal the ruling of the Court.

Jonathan Goodman, President and CEO of Dundee Precious Metals Inc., stated: "At Krumovgrad we have complied with the laws of the country however, the Minister is just avoiding the issue completely. The European Union has targeted judicial reform and the rule of law as two key indicators that they are monitoring for Bulgarian accession. On April 13, 2006, the European Union Enlargement Commissioner, Olli Rehn, said at a press conference in Sofia after meeting with Prime Minister Sergey Stanishev: "There are still serious concerns as regards to the rule of law and its functioning in the country." Jonathan Goodman went on to say: "We understand the Government of Bulgaria has done a great deal to change its laws to meet the standards of the European Union, however, it is our intention to challenge the government to enforce its own laws. What better way to show the European Union that the country is functioning properly than to demonstrate that not only does it have the right laws, but that it enforces them as well. Dundee will also review pursuing its rights in the International Courts."

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 has entered into an agreement to purchase 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](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.

For further information, please contact:

#### DUNDEE PRECIOUS METALS INC.

Jonathan Goodman  
President & Chief Executive Officer  
Tel: (416) 365-2408  
Email: [jgoodman@dundeeprecious.com](mailto:jgoodman@dundeeprecious.com)

Gabriela M. Sanchez  
Vice President Investor Relations  
Tel: (416) 365-2549  
Email: [gsanchez@dundeeprecious.com](mailto:gsanchez@dundeeprecious.com)