



SECOND QUARTER 2005
CHELOPECH REDEVELOPMENT CONTINUES ON TARGET
KRUMOVGRAD PERMITTING PROCESS STARTS WITH POSITIVE MARKS
GROWTH PLANS BACKED BY SOLID FINANCIALS AND STRATEGIC INVESTMENTS
(All amounts have been expressed in Canadian dollars except where indicated).

Toronto, August 5, 2005 – Dundee Precious Metals Inc. (DPM – TSX) (“Dundee Precious”, “DPM” or “the Company”) continues the development of its projects in Bulgaria and Canada towards sustained production by 2007, backed by a solid financial position, as indicated in the results of its operational, exploration and investment activities during the second quarter 2005.

HIGHLIGHTS

- Strong financial position: working capital of \$55.7 million plus investment portfolio of \$159.6 million at market, equate to \$4.01 per share;
- Definitive Feasibility Study for the Krumovgrad Gold Project (Ada Tepe) completed; the Board of Directors approved expenditure of US\$75 million to construct the mine; a Project Manager responsible for the construction of the mine appointed in July 2005;
- Environmental Impact Assessment (“EIA”) has been completed and submitted to the Municipality of Krumovgrad and regional authorities; public hearings scheduled for August, to be followed by completion of the governmental approval process;
- Chelopech operations profitable for the first six months of 2005. Ore production reaches an annualized rate of over 950,000 tonnes in April 2005;
- Definitive Feasibility Study to evaluate metal production at Chelopech expected by year end as scope of autoclave increases from 1.5 to 2.0 million tonnes per year and processing optimization work continues;
- US\$10 million financing for Chelopech with the European Bank for Reconstruction and Development closed in early April 2005; and
- The Company is on schedule to earn a 60% interest in the Back River Project located in Nunavut, Canada.

“It’s been only a year since we converted into an operating mining company and it is rewarding to see our shareholders base expand and the progress consistently achieved every quarter,” said Jonathan Goodman, President and CEO of DPM. “Our operations at Chelopech became profitable for the first time, while optimum alternatives for the second phase of its redevelopment continue to be assessed; plans for construction and permitting at Krumovgrad are underway and we continue an aggressive exploration program in Nunavut. We expect challenges during this growth stage, as all growing companies do, however, I feel confident that we have the right people in place to address them and believe in their high level of professionalism, and their commitment to the Company and its shareholders” he added.

MINING AND EXPLORATION ACTIVITIES

Chelopech

The Chelopech Mine is continuing operations while undertaking a significant redevelopment of its mining and processing methods and capacities. As a result, there will continue to be quarterly variations in its operations until all planning is complete and changes are effected.

Redevelopment

Underground development continues to be ahead of plan for the year. The conversion of mining methods to long hole open stoping has commenced and has accounted for approximately 65% of the ore production during the quarter.

Construction of a 2,300 metre decline from surface to the underground mine workings began in April 2004 from both the surface portal and the underground exit point. Completion of the decline is critical to achieving an annualized production rate of 2.0 million tonnes per year of ore mined. Specialized equipment to advance the decline through difficult ground conditions has arrived at the site and is being assembled. The decline is expected to be completed in 2006.

Pressure Oxidation Plant

The Company's feasibility study to evaluate direct metal production using autoclave technology is continuing. The scope of the autoclave has been increased from 1.5 to 2.0 million tonnes per year. In addition, before completing the feasibility study, additional testing is being undertaken to confirm gold and copper recoveries from variability in the ore samples, thus providing further confidence in the long term stability of the operation and additional samples for environmental testing.

Costs of Production

Ore mined and processed over the three month period ended June 30, 2005 averaged over 70,000 tonnes per month compared to an average of approximately 54,000 tonnes per month mined in the prior year comparable period.

Ore grades and recoveries were lower than the prior year's comparable period and slightly better than the first quarter of 2005. Due to excessive rainfall in the latter half of the second quarter, access to the higher grade areas was restricted.

Cost per unit of ore mined decreased from the prior quarter and from the prior year comparable period. This is in line with expectations as a result of fixed costs being allocated to greater production volumes. A large proportion of Chelopech's operating costs are fixed and it is expected that unit costs will continue to decrease as production increases.

Ore production at the end of June 2005 is ahead of plan and it is expected that the mine will meet or exceed the current year target. The cash cost per pound of copper was higher and per ounce of gold in concentrate was lower than the prior quarter although higher than expectation due to lower than planned ore grades and metal recovery rates as a result of the area of the orebody currently being mined.

Krumovgrad

On July 5, 2005, the Company's Board of Directors accepted the Definitive Feasibility Study and the required capital expenditure of US\$75 million to construct the mine at Krumovgrad. The feasibility study confirmed the economic viability of the project and allows the Company to proceed with the plans for the construction of the mine, subject to obtaining the necessary permits and approvals.

Environmental Impact Assessment

An EIA was submitted to the Ministry of Environment and Waters ("MOEW") in April, 2005. The document has been prepared in accordance with both Bulgarian legislation and European Union guidelines.

The EIA was approved for content and released for the second part of the process in July 2005, which involves the presentation of the EIA to the Municipality of Krumovgrad and regional authorities for review for a period of 30 days. At the end of this period, a public hearing is held. The public hearing is planned for this month. Results of the public hearing are incorporated into the EIA which is then resubmitted to the MOEW for final approval. This final review can take up to three months.

Back River Project

As at June 30, 2005, the Company has eligible expenditures of approximately \$14 million.

The Company is mid way through its \$9 million exploration program for 2005 having completed 8,000 metres of diamond drilling to date. Our objectives for the year are to better define the resources at the Goose Lake and George Lake gold deposits through an 18,000 metre drilling program; to recompile and audit the entire Back River database; to refine and improve the understanding of the key ore controls; and to implement Dundee's quality assurance protocols.

FINANCIAL RESULTS

The Company reported 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 compared with a net loss of \$10.7 million or \$0.20 per share, and net income of \$9.3 million or \$0.19 per share for the three and five months ended June 30, 2004, respectively.

As at June 30, 2005, the Company had working capital of \$55.7 million, investments in publicly tradeable securities with a market value of \$160 million which aggregates to \$4.01 per share. In addition, the Company had mining assets with a book value totaling \$111.2 million offset by related long term liabilities of \$27.2 million.

Operations Summary

Cdn\$ million

	Three Months June 30, 2005	Three Months June 30, 2004	Six Months June 30, 2005	Five Months June 30, 2004
Revenue from mining operations				
Gold/copper concentrate	\$ 10.8	\$ 10.0	\$ 22.4	\$ 10.0
Cost of sales	9.4	8.7	21.2	8.7
	1.4	1.3	1.2	1.3
Net investment revenue	0.2	14.6	0.9	39.7
Other income	0.1	0.1	0.3	0.1
Net revenue	1.7	16.0	2.4	41.1
Expenses	(5.8)	(33.6)	(8.1)	(34.3)
Income taxes recovery	(0.3)	(6.9)	(0.4)	(2.5)
Net Income (loss)	\$ (3.8)	\$ (10.7)	\$ (5.3)	\$ 9.3
Net income (loss) per share				
Basic and fully diluted	\$ (0.07)	\$ (0.20)	\$ (0.10)	\$ 0.19
Total assets	\$ 308.2	\$ 297.9	\$ 308.2	\$ 297.9
Total long-term liabilities	27.2	12.5	27.2	12.5

The Company began consolidating the results from the mining operations on April 1, 2004, the effective date of conversion from an investment company to a mining company.

Net revenue of \$1.7 million and \$2.4 million for the three and six months ended June 30, 2005 resulted from the following:

- (1) the financial results of the mining business for the three and six month period ending June 30, 2005 which had an operating gain of \$1.4 million and \$1.2 million on the sale of 14,478 and 29,702 dry tonnes of gold/copper concentrate, respectively; and
- (2) gains on the sale of investments for the three and six month period ended June 30, 2005 of \$0.2 million and \$0.9 million net of investment write-downs of \$1.6 million, respectively.

Cash Flow Summary

Cdn\$ million

	Three Months June 30, 2005	Three Months June 30, 2004	Six Months June 30, 2005	Five Months June 30, 2004
Cash provided from (used) in				
Operating activities	\$ (0.8)	\$ 12.0	\$ (2.9)	\$ (16.5)
Property, plant and equipment	(14.8)	(7.4)	(39.4)	(7.4)
Investment and other transactions	(4.0)	38.5	(3.7)	53.8
Financing activities	11.7	19.0	7.0	62.7
	\$(7.9)	\$ 62.1	\$(39.0)	\$ 92.6

Operating Activities

For the three and six months ended June 30, 2005, the Company had an operating cash requirement of \$0.8 million and \$2.9 million, respectively.

Net income (loss) adjusted for non cash items absorbed \$1.5 million in both the three and six month periods, whereas changes in non-cash working capital provided \$0.7 million primarily from the increased level of accounts payable balances in the quarter, versus requiring \$1.4 million over the six months period as a result of higher levels of accounts receivable. Non-cash working capital will continue to fluctuate with the timing of concentrate sales and the level of development activities in the period.

Capital & Other Expenditures

During the three and six month period ended June 30, 2005, the Company invested \$14.8 million and \$39.4 million, respectively, in projects and capital expenditures.

Cdn\$ millions

Project Expenditures to date	Current		Project from date of acquisition ⁽¹⁾
	Quarter	YTD ⁽¹⁾	
Back River Exploration (Nunavut, Canada)	\$ 3.8	\$ 4.3	\$ 4.3
Chelopech (Bulgaria)	8.8	13.7	40.7
Krumovgrad (Bulgaria)	1.7	3.7	15.3
Corporate	0.5	0.8	0.8
Total	\$ 14.8	\$ 22.5	\$ 61.1

(1) Excludes \$7.8 million and \$9.1 million relating to acquisition costs of Krumovgrad and Back River, respectively.

At Chelopech, \$8.8 million (US\$7.1 million) and \$13.7 million (US\$11.1 million) was spent during the three and six months ended June 30, 2005, respectively, and \$40.7 million (US\$32.3 million) has been spent from the date of acquisition as follows:

US\$ millions

Project	Current		Project from date of acquisition
	Quarter	YTD	
Establishing Reserves	\$ 0.1	\$ 0.3	\$ 2.4
Decline	0.4	0.9	5.1
Mine development	3.1	4.1	15.5
Mill development	0.5	0.6	1.4
Autoclave Definitive Feasibility Study	2.7	4.7	5.6
Other	0.3	0.5	2.3
Total	\$ 7.1	\$11.1	\$ 32.3

At Krumovgrad, \$1.7 million (US\$1.4 million) and \$3.7 million (US\$3.0 million) was spent during the three and six months ended June 30, 2005, respectively, and \$15.3 million (US\$11.8 million) has been spent from the date of acquisition as follows:

US\$ millions

Project	Current	YTD	Project from date of acquisition
	Period		
Reserve definition drilling	\$ 0.2	\$ 0.4	\$ 4.5
Definitive feasibility study	0.6	1.3	3.2
Other	0.6	1.3	4.1
Total	\$ 1.4	\$ 3.0	\$ 11.8

Investments

During the three and six month period ended June 30, 2005, the Company realized \$0.2 million and \$2.5 million in pre-tax gains on the disposition of \$3.0 million and \$6.0 million of marketable securities, respectively.

During the three and five month period ended June 30, 2004, the Company realized net gains totaling \$16.1 million and \$41.1 million on sales which provided proceeds of \$34.6 million and \$64.2 million, respectively.

Financing Activities

During the current quarter, the Company completed a US\$10.0 million financing with the European Bank for Reconstruction and Development. The US\$10.0 million loan includes US\$3.0 million to be used for environmental remediation purposes and the remainder is to be used for Chelopech mine redevelopment. The loan bears interest at Libor plus 1.9% and is repayable in eight semi-annual installments commencing in June 2007.

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.

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 the Krumovgrad Gold Project, a development project, 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. An analyst conference call will be webcast live at http://www.corporate-ir.net/ireye/ir_site.zhtml?ticker=DPM.TO&script=1010&item_id=1107730 on Monday, August 8 at 8:30 a.m.

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