



Dundee Precious Metals Announces Preliminary Economic Assessment for the Timok Gold Project, Serbia

7/15/2019

(All monetary figures are expressed in U.S. dollars unless otherwise stated)

TORONTO, July 15, 2019 (GLOBE NEWSWIRE) -- **Dundee Precious Metals Inc. (TSX: DPM)** ("DPM" or "the Company") is pleased to announce the results of a Preliminary Economic Assessment ("PEA") on its Timok Gold Project ("Timok") located in the Bor mining district in Serbia. The PEA is based on the updated mineral resource estimate completed in September 2018(1) and provides a base case, considering primarily oxide and transitional material types, upon which the project will now be optimized for mining and processing strategies, including an economic evaluation of the larger sulphide resource.

"This PEA provides a solid foundation for the Timok Gold Project," said Rick Howes, President and CEO. "With further optimization, Timok has the potential to provide significant accretive organic growth for relatively low initial capital in a region where we have had a presence for many years. DPM discovered Timok in 2008 and the team has advanced the project while developing strong relations with local communities and the government."

PEA(2)(3) Highlights

- After-tax NPV5% of \$105 million and after-tax IRR of 18.6%
- Cash cost of \$618 per ounce (4)
- All-in sustaining cost ("AISC") (5) of \$717 per ounce
- Peak annual gold production of approximately 132,000 ounces
- Initial capital costs of \$136 million
- Mine life of 9 years

The PEA was prepared by CSA Global Consultants Canada Ltd ("CSA Global") and is dated April 30, 2019. The PEA is preliminary in nature and includes some inferred mineral resources that are considered too speculative geologically to have the economic considerations applied to them that would enable them to be categorized as mineral reserves. Unlike mineral reserves, mineral resources do not have demonstrated economic viability. There is no certainty that the PEA results will be realized.

See news release dated September 24, 2018 and titled “DPM Announces Updated Mineral Resource Estimate for the Timok Gold Project” filed on SEDAR at www.sedar.com and available on the Company website at

www.dundeprecious.com

Assumes a gold price of \$1,250/ounce. All amounts are reported in US dollars unless otherwise stated.

All-in sustaining cost per ounce of gold and cash cost per ounce are not measures recognized under IFRS and are referred to as Non-GAAP measures. These measures have no standardized meanings under IFRS and may not be comparable to similar measures presented by other companies. Refer to the “Non-GAAP Financial Measures” section of the Management’s Discussion and Analysis for the three months ended March 31, 2019 for more information about Non-GAAP measures.

Cash cost per ounce represents mining, processing and site general and administrative costs, royalty and offsite costs, divided by payable gold of 661,000 ounces.

All-in sustaining cost per ounce of gold represents mining, processing and site general and administrative costs, royalty, offsite costs and sustaining capital expenditures, divided by payable gold of 661,000 ounces.

The 2018 mineral resources update reclassified the mineralization into oxide, transitional and sulphide material types that were initially classified as sulphide material. The inclusion of significant amounts of oxide and transitional material types in the mineral resources, coupled with encouraging metallurgical test work results, led to the assessment of a heap leach facility being proposed in the PEA to process oxide and transitional material. The mining scenario targeting these material types also results in the mining of small amounts of higher-grade sulphide material, which is proposed to be processed through the addition of a small concentrator in year three.

PEA Overview

Summary project metrics are presented in the following tables.

Assumptions	Units	
Gold price	\$/oz	1,250
Production Profile		
Total tonnes of mineralized material mined and processed	MTonnes	18.9
Total tonnes waste mined	MTonnes	49.7
Strip ratio	waste:feed	2.6:1
Head grade	g/t Au	1.36
Peak tonnes per day mineralized material mined	Tonnes	8,219
Average gold recovery	%	81.5
Total gold ounces mined	Oz	826,000
Total gold ounces recovered	Oz	673,000
Average annual gold production	Oz	75,000
Peak annual gold production	Oz	132,000
Mine life	Years	9
Unit Operating Costs		
LOM average cash cost	\$/oz Au	618
AISC(1)	\$/oz Au	717
Project Economics		
Royalties	%	5.0
Average annual EBITDA	\$M	47
Pre-tax NPV 5% / After-tax NPV 5%	\$M	108 / 105
Pre-tax NPV 7.5% / After-tax NPV 7.5%	\$M	78 / 75
Pre-tax IRR / After-tax IRR	%	18.9 / 18.6
Undiscounted operating pre-tax cash flow / after-tax cash flow	\$M	195 / 191
After-tax payback period	Years	4.1

All-in sustaining cost per ounce of gold represents mining, processing and site general and administrative costs, royalty, offsite costs and sustaining capital expenditures, divided by payable gold of 661,000 ounces.

Mining

The PEA assumes open pit mining of approximately 30,000 tonnes per day (“tpd”) at a strip ratio of 2.6:1 using an owner-operated fleet. The mining assumptions are based on the selection of optimized open pit shells focused on oxide and transitional material types, but also assumes the mining of higher-grade sulphide material within these shells. Phased pit designs, including ramps and benches, were produced based on the selected pit shells.

Mining Parameters	Units	LOM Total / Average
Oxide mineralized material	MTonnes	12.4
Grade	g/t Au	1.16
Transitional mineralized material	MTonnes	3.0
Grade	g/t Au	1.25
Sulphide mineralized material	MTonnes	3.5
Grade	g/t Au	2.17
Waste material	MTonnes	49.7
Total material mined	MTonnes	68.6
Total contained gold	oz	826,000

The PEA uses cut-off grades to determine whether material extracted from within the pit designs will be sent for processing. The cut-off grades used in this study vary depending on recoveries and mining costs and are summarized in the following table.

Material Type	Units	Domain		
Oxide material processing cut-off	g/t Au	Bigar Hill	Korkan	Korkan West
Transitional material processing cut-off	g/t Au	0.19	0.19	0.24
Sulphide material processing cut-off	g/t Au	0.25	0.25	0.25
	g/t Au	0.69	0.69	0.69

Processing

The PEA envisions the crushing and stacking of material onto a lined heap leach facility at a rate of up to 2.5 million tonnes per annum (“Mtpa”). Leached gold will be recovered from solution using a traditional Adsorption-Desorption-Recovery plant to produce doré bars, which will be sold to a refinery.

Given that some relatively higher-grade sulphide material is mined within the open pit designs, a 0.5 Mtpa sulphide concentrator will start production in year three of the operation to produce a clean gold-bearing concentrate from the mineralized sulphide material. This concentrate will be sold to local or global smelters.

The heap leach processing of oxide and transitional material does not produce any tailings. The relatively small amount of tailings from the concentrator will be filtered and dry stacked onto the lined heap leach facility, negating any need for a tailings dam.

Metallurgical Results

During 2018 and 2019, DPM conducted metallurgical test work at SGS Minerals Services, Lakefield, Ontario. The test work included coarse ore bottle roll tests as well as column leach tests to determine heap leach recoveries of the

various domains and types of mineralization found at Timok.

The metallurgical test work, concluded in the second quarter of 2019, returned encouraging results of gold extractions of around 85-90% for the oxide material and 62-67% for the transitional material of the three domains – Bigar Hill, Korkan and Korkan West. These extraction rates were obtained at a crush size of 16mm and typical reagent consumption rates.

The assumed recoveries for the sulphide material of Bigar Hill and Korkan were based on the flotation test work programs undertaken at SGS Mineral Services, UK during 2012 and 2013. No further test work, including optimization work, has been conducted on the sulphide material since the re-classification of the deposit into oxide, transitional and sulphide materials.

The gold recoveries assumed for the financial analysis in the PEA study are summarized in the following table.

Material Type	Domain						Average	
	Bigar Hill		Korkan		Korkan West			
Oxide material (to doré)	91	%	91	%	73	%	88	%
Transitional material (to doré)	69	%	69	%	69	%	69	%
Sulphide material (to sulphide concentrate)	75	%	75	%	75	%	75	%

Operating Costs (1)

Operating Costs	LOM (\$ million)	\$/oz Au Recovered	\$/tonne of Oxide & Transitional Feed	\$/tonne of Sulphide Feed
Mining costs	162	245	9	9
Processing costs	138	209	5	16
G&A costs	31	47	2	2
Cash Costs	331	501	15	27
Royalty (5% NSR to Serbian Gov't)	40	60	2	3
Offsite costs (Treatment and Refining Charges)	38	57	0	10
Total Cash Costs	409	618	18	39
Sustaining capital	65	99	3	3
AISC(2)	474	717	21	43

Due to rounding, some columns may not total exactly as shown.

All-in sustaining cost per ounce of gold represents mining, processing and site general and administrative costs, royalty, offsite costs and sustaining capital expenditures, divided by payable gold of 661,000 ounces.

Capital Costs

Capital Costs	Initial (\$million)	Sulphide Processing (\$million)	Sustaining Capital (\$million)	LOM (\$ million)
Mining	35	-	5	40
Processing	33	30	16	80
Infrastructure	34	-	4	38
Total Direct Costs	103	30	25	158
Indirect & Owner's Costs	18	-	18	35
Total Indirect Costs	18	-	18	35
Contingency	15	-	13	28

Due to rounding, some columns may not total exactly as shown.

Optimization Opportunities

As the PEA mining scenario targeted primarily oxide and transitional material types, with limited amounts of higher grade sulphide material included, a scenario that targets additional sulphide material will be evaluated. The geometry of the mineralization is such that if the pit shell were optimized to include more sulphide material, additional oxide and transitional material would also be included. A parallel optimization of recoveries, processing strategies and throughputs to balance the processing methods with the adjusted feed materials could also generate additional value.

Additional metallurgical test work will also provide opportunities for optimization of the processing methods, costs and recoveries for all gold bearing material types. The previous test work done on flotation recoveries pre-dates the re-classification of the deposit into oxide, transitional and sulphide materials. Further flotation test work on specifically what is now classified as sulphide material, excluding the oxide and transitional materials, may result in improved performance.

Ongoing exploration work targeting additional shallow oxide material in the vicinity of the current resource could also generate further value to the project.

Exploration

Exploration activities planned for 2019 at the Timok Gold Project include up to 5,000 m of diamond drilling with the aim of increasing oxide and transitional mineral resources. High priority drill targets exist close to the Bigar Hill and Korkan deposits as well as within geochemical and geophysical anomalies over a five km stretch of similar geology north of the Korkan deposit that is within the Potaj Cuka – Tisnica licence. DPM is currently waiting for extensions to the Potaj Cuka – Tisnica and Bigar Istok licences, which are expected imminently, as they have reached the expiry of the most recent three-year term.

In addition to these planned exploration activities, further drilling of the existing Bigar Hill, Korkan and Korkan West mineral resources planned for 2019 includes approximately 7,000 m of infill drilling, 4,300 m of condemnation drilling and 2,200 m of geotechnical drilling.

Environmental, Social and Permitting

The project design provides a foundation for responsible environmental and social development, operation and closure. The design includes a relatively small footprint comprised of pits, waste rock dumps, a small plant area, and a heap leach pad, all of which will be rehabilitated at the end of the mine life. The small volume of tailings generated during the project can be placed onto the existing lined heap leach pads, eliminating the need for a separate tailings facility. The development of the project will bring economic benefits and growth opportunities to a historical mining and industrial region.

Environmental and social risks associated with the project relate to surface water, groundwater, biodiversity and economic displacement associated with land acquisition. These risks are typical of similar gold mining projects and will be managed by DPM in accordance with good international practice. The project will also be developed in compliance with the European Bank for Reconstruction and Development performance requirements which specify compliance with European Union standards for environmental protection and safety.

The transportation and use of cyanide in the heap leach process presents both perceived and real risks to surface and groundwater quality. However, DPM is a signatory to the International Cyanide Management Code, which provides standards of practice for protection of communities and the environment during transportation of cyanide and specific usage requirements on handling, storage, operation, disposal and decommissioning.

A permitting schedule was developed to comply with the Serbian legal system. Serbia is considering the adoption of European Union requirements and the Company is consulting with regulatory authorities regularly to anticipate and manage future changes to the system. The project will be subject to scrutiny by regulatory authorities and other stakeholders during the permitting process. There are six formal hearing and consultation periods included within the spatial plan, strategic environmental assessment and environmental impact assessment processes, and a range of other points at which the public and other interested parties will be consulted. The Company will continue to engage in meaningful conversations with all stakeholders as the project moves forward.

Next steps

Based on the results of the PEA, DPM intends to conduct a geotechnical and hydrogeological study, as well as further optimization work to target additional sulphide material, prior to commencing a preliminary feasibility study ("PFS"). The intent of the optimization work is to define the mining and processing scenarios to be studied in the PFS and to confirm whether the project has the potential to achieve a return that is consistent with the Company's capital allocation framework. Development of a permitting and approvals plan incorporating the ESIA process and approvals, as well as all additional licensing (major permits and authorizations) requirements, was initiated in the fourth quarter of 2018 and will continue during the PFS phase, if commenced.

Mineral Resources Estimate

The previously disclosed mineral resources statement for the Timok Gold Project is summarized in the table below.

Mineral Resources estimates: Timok Gold Project, Serbia, as at May 15, 2018							
Deposit		Indicated Mineral Resource			Inferred Mineral Resource		
		Tonnage (Mt)	Au (g/t)	K oz	Tonnage (Mt)	Au (g/t)	K oz
Bigar Hill	Oxide	12.4	1.14	455	0.7	0.7	16
	Transitional	5.9	1.21	229	0.4	1.0	12
	Sulphide	11.1	1.72	615	0.1	1.6	7
	Total	29.4	1.38	1,299	1.2	0.9	34
Korkan	Oxide	5.8	0.90	166	0.2	0.5	4
	Transitional	2.8	1.06	97	0.1	0.7	3
	Sulphide	3.3	1.91	205	0.0	1.1	0
	Total	11.9	1.22	468	0.4	0.6	7
Korkan West	Oxide	2.9	1.03	98	1.0	0.8	24
	Transitional	0.3	0.85	8	0.2	0.8	6
	Sulphide	0.0	1.33	1	0.0	0.9	0
	Total	3.2	1.02	106	1.2	0.8	31

Kraku Pester	Oxide	0.7	0.95	22	0.1	1.3	5
	Transitional	0.1	0.95	4	0.0	1.2	0
	Sulphide	1.5	2.01	95	0.0	1.8	0
	Total	2.3	1.61	122	0.1	1.3	6
Total Oxide		21.8	1.06	742	2.0	0.7	48
Total Transitional		9.2	1.15	338	0.7	0.9	22
Total Sulphide		15.9	1.79	916	0.2	1.5	8
Grand Total		46.9	1.32	1,996	2.9	0.8	78

Source: A technical report entitled "NI 43-101 Technical Report – Mineral Resource Estimate Update for the Timok Gold Project, Serbia" dated November 7, 2018 (filed on SEDAR at www.sedar.com).

Notes:

1. The effective date of the Mineral Resource estimates is May 15, 2018
2. Mineral Resources are reported in accordance with CIM guidelines.
3. A cut-off of 0.20 g/t Au for the oxide material, 0.25 g/t Au for the transitional material, and 0.60 g/t Au for the sulphide material, is applied at Bigar Hill.
4. A cut-off of 0.20 g/t Au for the oxide material, 0.25 g/t Au for the transitional material, and 0.65 g/t Au for the sulphide material, is applied at Korkan and Korkan West.
5. A cut-off of 0.35 g/t Au for the oxide material, 0.40 g/t Au for the transitional material, and 1.05 g/t Au for the sulphide material, is applied at Kraku Pester.
6. Figures have been rounded to the appropriate level of precision for the reporting of Mineral Resources.
7. Due to rounding, some columns or rows may not compute exactly as shown.
8. The Mineral Resources are stated as in situ dry tonnes. All figures are in metric tonnes.
9. The models are reported above surfaces based on conceptual US\$1,400 gold price pit shells to support assumptions relating to reasonable prospects of eventual economic extraction.
10. Mineral Resources that are not Mineral Reserves do not have demonstrated economic viability. The estimate of Mineral Resources may be materially affected by environmental, permitting, legal, title, taxation, socio-political, marketing, or other relevant issues.

Technical Information

The PEA and other scientific and technical information contained in this news release were prepared by CSA Global, in accordance with the Canadian regulatory requirements set out in National Instrument 43-101, Standards of Disclosure for Mineral Projects ("NI 43-101"), and has been reviewed and approved by, as it relates to mineral resources: Maria O'Connor, BSc, MAIG, Principal Resource Geologist (CSA Global); as it relates to metallurgy and processing: Gary Patrick BSc, MAusIMM (CP) Senior Associate Metallurgist (CSA Global); as it relates to sampling, drilling, exploration and QAQC: David Muir, BSc (Hons) Geology, Data Manager (CSA Global); as it relates to mining, infrastructure, mining costs, environment and permitting: Greg Trout, P.Eng., Principal Mining Engineer (AGP Mining Consultants); and as it relates to financial modelling and economic analysis: Alex Veresezan, P.Eng., Manager, Mining Americas (CSA Global). Maria O'Connor, Gary Patrick, David Muir, Greg Trout and Alex Veresezan are all independent Qualified Persons ("QP"), as defined under NI 43-101.

Ross Overall, Corporate Senior Resource Geologist of DPM, who is a QP and not independent of the Company, has reviewed and approved the contents of this release.

The mineral resource and mineral reserve estimates contained herein may be subject to legal, political, environmental or other risks that could materially affect the potential development of such mineral resources. See the Technical Report, which will be published within 45 days of this announcement, for more information with respect to the key assumptions, parameters, methods and risks of determination associated with the foregoing.

Cautionary note to U.S. investors concerning estimates of mineral resources

These estimates have been prepared in accordance with the requirements of Canadian securities laws, which differ from the requirements of U.S. securities laws. The terms "mineral resource", "measured mineral resource", "indicated mineral resource" and "inferred mineral resource" are defined in NI 43-101 and recognized by Canadian securities laws but are not defined terms under the U.S. Securities and Exchange Commission ("SEC") Guide 7 ("SEC Guide 7") or recognized under U.S. securities laws. **U.S. investors are cautioned not to**

assume that any part or all of mineral deposits in these categories will ever be upgraded to mineral reserves. “Inferred mineral resources” have a great amount of uncertainty as to their existence, and great uncertainty as to their economic and legal feasibility. It cannot be assumed that all or any part of an “inferred mineral resource” will ever be upgraded to a higher category. Under Canadian securities laws, estimates of “inferred mineral resources” may not form the basis of feasibility or pre-feasibility studies. **U.S. investors are cautioned not to assume that all or any part of an inferred mineral resource exists or is economically or legally mineable.** Accordingly, these mineral resource estimates and related information may not be comparable to similar information made public by U.S. companies subject to the reporting and disclosure requirements under the U.S. federal securities laws and the rules and regulations thereunder, including SEC Guide 7.

About Dundee Precious Metals

Dundee Precious Metals Inc. is a Canadian based, international gold mining company engaged in the acquisition of mineral properties, exploration, development, mining and processing of precious metals. The Company's operating assets include the Chelopech operation, which produces a gold-copper concentrate containing gold, copper and silver and a pyrite concentrate containing gold, located east of Sofia, Bulgaria; the Ada Tepe operation, which produces a gold concentrate containing gold and silver, located in southern Bulgaria; and the Tsumeb smelter, a complex copper concentrate processing facility located in Namibia. DPM also holds interests in a number of developing gold and exploration properties located in Canada and Serbia, and its 10.3% interest in Sabina Gold & Silver Corp.

Cautionary Note Regarding Forward Looking Statements

Certain statements and other information included in this press release and our other disclosure documents constitute “forward looking statements” or “forward looking information” within the meaning of applicable securities legislation, which we refer to collectively hereinafter as “Forward Looking Statements”. Forward Looking Statements are statements that are not historical facts and are generally, but not always, identified by the use of forward looking terminology such as “plans”, “expects”, or “does not expect”, “is expected”, “budget”, “scheduled”, “estimates”, “forecasts”, “outlook”, “intends”, “anticipates”, or “does not anticipate”, or “believes”, or variations of such words and phrases or that state that certain actions, events or results “may”, “could”, “would”, “might” or “will” be taken, occur or be achieved. The Forward Looking Statements in this press release relate to, among other things certain statements with respect to commodity prices; the estimation of mineral reserves and mineral resources and the realization of such mineral estimates; results of economic studies; the timing and success of optimization work and exploration activities; and the commencement of a PFS. Forward Looking Statements are based on certain key assumptions and the opinions and estimates of management and Qualified Persons (in the case of technical and scientific information), as of the date such statements are made, and they involve known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any other future results, performance or achievements expressed or implied by the Forward Looking Statements. In addition to factors already discussed in this document, such factors include, among others: the uncertainties with respect to the actual results of current exploration activities and optimization work; conclusions of economic evaluations and economic studies; changes in project parameters as plans continue to be

refined; possible variations in ore grade or recovery rates; delays in obtaining licenses, governmental approvals or financing or in the completion of development or construction activities, social and non-governmental organizations opposition to mining projects and smelting operations; uncertainties inherent with conducting business in foreign jurisdictions where corruption, civil unrest, political instability and uncertainties with the rule of law may impact the Company's activities; fluctuations in metal and acid prices, toll rates and foreign exchange rates; unanticipated title disputes; claims or litigation; limitation on insurance coverage; as well as those risk factors discussed or referred to in any other documents(including without limitation the Company's most recent Annual Information Form) filed from time to time with the securities regulatory authorities in all provinces and territories of Canada and available on SEDAR at www.sedar.com. The reader has been cautioned that the foregoing list is not exhaustive of all factors which may have been used. Although the Company has attempted to identify important factors that could cause actual actions, events or results to differ materially from those described in Forward Looking Statements, there may be other factors that cause actions, events or results not to be anticipated, estimated or intended. There can be no assurance that Forward Looking Statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. The Company's Forward Looking Statements reflect current expectations regarding future events and speak only as of the date hereof. Unless required by securities laws, the Company undertakes no obligation to update Forward Looking Statements if circumstances or management's estimates or opinions should change. Accordingly, readers are cautioned not to place undue reliance on Forward Looking Statements.

For further information, please contact:

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