



Dundee Precious Metals Provides Krumovgrad Gold Project Update

6/6/2016

TORONTO, ONTARIO--(Marketwired - June 6, 2016) - Dundee Precious Metals Inc. (TSX:DPM) ("DPM" or "the Company") is pleased to announce an update of its Krumovgrad gold project ("the Project") located in southern Bulgaria. All monetary figures are expressed in U.S. dollars unless otherwise stated.

Highlights

- Updated capital estimate of \$178 million and updated cash cost estimate of \$403/oz gold
- Project economics remain robust with a 25% after-tax IRR at \$1,250/oz gold and \$15.00/oz silver
- Construction permit and financing plan remain on track to commence construction in Q3 2016

"The updated economics on Krumovgrad continue to support the commercial and economic viability of the project and enables DPM Bulgaria to build on the success we have already built at Chelopech," stated Rick Howes, President and CEO. "This update reflects the substantial completion of all of the engineering and updated contractor and equipment pricing, along with completed execution and operational readiness plans. We have also made significant advances in the project permitting process with only the issuing of the final construction permit remaining which we expect by mid-2016," he said. "Subject to completion of financing arrangements and Board approval, construction could commence as early as Q3 2016 with first production scheduled in the second half of 2018. We are proud of the great progress and work done to obtain community and government support in Bulgaria for this important project and the benefits it will bring to all stakeholders."

Construction Permit

Subsequent to the completion of the land purchase process and formal transfer of land ownership to DPM Krumovgrad in May, the Company remains on track to submit the construction permit application to the Krumovgrad Municipality in early June, with receipt of the permit expected by the end of June, as planned.

Financing Plan

At current prices, the Project can be funded from internally generated cash flow, supplemented with available lines of credit under DPM's revolving credit facility. In addition to the capital generated from the recent sale of the Kapan mine, the Company continues to assess several options that will support the funding of this Project and reduce the

risk to a potentially weaker commodity price environment during construction. Based on the current schedule, Board approval of the financing plan and Project implementation is expected in the third quarter of 2016, with construction anticipated to begin shortly thereafter.

The current Project baseline schedule contemplates the following milestones:

Milestone	Actual/Expected Completion
Municipal approval of main detailed development plan	Q4 2015 (complete)
Detailed project execution plan	Q1 2016 (complete)
Updated capital cost estimate and baseline project schedule	Q1 2016 (complete)
Land re-designation	Q1 2016 (complete)
Detailed engineering	Q1 2016 (complete)
Land purchase	Q2 2016 (complete)
Approval of technical packages	Q2 2016
Construction permit	Mid 2016
DPM board approval for full release	Q3 2016
Mobilize earthworks contractor to site	Q3 2016
Commence construction on site	Q3 2016
Commence main civil/mechanical/electrical construction	Q2 2017
Commissioning and start up	Q2/Q3 2018
First concentrate production	H2 2018

Capital Cost

The updated initial Project construction capital cost estimate of \$178 million reflects all construction, direct and indirect, costs and commissioning, including contingency (P50) of \$12.4 million and excludes escalation, financing and sunk costs.

The table below is a summary of the updated estimated initial capital costs required to construct and commission the Project, together with the additional sustaining and closure capital expected to be incurred over the life of the Project.

UPDATED CAPITAL COST ESTIMATE SUMMARY (1)	
Item	Total (\$M)
Direct costs	117.1
Indirect costs	48.7
Contingency P50 (7.5% of direct + indirect costs)	12.4
Total Initial Construction Capital	178.2
Sustaining capital	6.2
Closure and rehabilitation costs	6.0

(1) Costs expressed as Q4 2015 US\$ based on a US\$ / Euro exchange rate of 1.14

Differences in this capital cost estimate, compared with the previous estimate of \$164 million disclosed in March 2014, are primarily due to higher levels of definition resulting from the substantial completion of detailed engineering during the first quarter of 2016, and detailed operational readiness planning, as noted below:

- earthworks quantities resulting from improved scope definition following completion of detailed engineering and higher rates;
- operational readiness costs following more detailed scope definition and planning; and
- better definition of construction management costs, as a result of detailed construction execution planning.

The effect of these increases in initial capital have been partially off-set by the savings associated with leasing the mine fleet, which has also resulted in a significant decrease in the estimated sustaining capital requirements, compared with previous estimates.

Operating Costs

Operating costs are based on processing an average of 775,000 tonnes per year ("tpy") of ore, producing an annual average of 85,700 oz of gold and 38,700 oz of silver for an estimated eight years.

SUMMARY OF ESTIMATED OPERATING COSTS (1)	
Item	\$/t ore processed (3)
Mining costs	15.03
Processing costs	19.39
Tailings treatment & IMWF costs(2)	1.88
General & administration	5.33
Royalty	3.78
Total Annual Operating Costs	45.41

- (1) Expressed as Q4 2015 US\$.
 (2) Integrated Mine Waste Facility.
 (3) Average cash cost over eight years.

Annual operating costs on a per tonne processed basis have remained relatively unchanged from previous estimates, as the additional leasing costs for the mine fleet have been off-set by a favourable variance in the US\$ / Euro exchange rate, compared with previous estimates.

Summary of Mineral Reserve and Mineral Resource Estimates

The following table summarizes the Mineral Reserve and Mineral Resource estimates for the Project as at December 31, 2013, which are unchanged from the Krumovgrad technical report titled "NI 43-101 Technical Report Ada Tepe Deposit, Krumovgrad Project, Bulgaria" that was filed on SEDAR at www.sedar.com on March 28, 2014 (the "Technical Report").

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MINERAL RESERVES	GOLD			SILVER	
	Tonnes M	Grade g/t	Ounces M	Grade g/t	Ounces M
Proven	2.6	5.39	0.449	2.82	0.235
Krumovgrad (Upper Zone)	1.1	3.46	0.124	1.91	0.068
Krumovgrad (Wall)	1.5	6.83	0.325	3.50	0.166
Probable	3.6	3.08	0.358	1.79	0.208
Krumovgrad (Upper Zone)	3.5	3.00	0.337	1.75	0.197
Krumovgrad (Wall)	0.1	5.54	0.020	2.93	0.011
Proven and Probable	6.2	4.04	0.807	2.22	0.443
Krumovgrad (Upper Zone)	4.6	3.11	0.461	1.79	0.266
Krumovgrad (Wall)	1.6	6.74	0.345	3.46	0.177
MINERAL RESOURCES	GOLD			SILVER	
Tonnes M	Grade g/t	Ounces M	Grade g/t	Ounces M	
Measured	2.8	5.19	0.478	2.74	0.252
Krumovgrad (Upper Zone)	1.1	3.46	0.125	1.91	0.069
Krumovgrad (Wall)	1.7	6.32	0.353	3.27	0.183
Indicated	4.1	2.92	0.382	1.73	0.226
Krumovgrad (Upper Zone)	3.9	2.86	0.357	1.70	0.212
Krumovgrad (Wall)	0.2	4.28	0.024	2.38	0.014
Measured and Indicated	6.9	3.86	0.859	2.15	0.477
Krumovgrad (Upper Zone)	5.0	2.99	0.482	1.75	0.281
Krumovgrad (Wall)	1.9	6.13	0.377	3.19	0.196
Inferred	0.3	1.30	0.013	1.06	0.011
Krumovgrad (Upper Zone)	0.3	1.31	0.013	1.06	0.011
Krumovgrad (Wall)	0.0	0.87	0.000	0.88	0.000

- (1) The rounding of tonnage and grade figures has resulted in some columns showing relatively minor discrepancies in sum totals;
- (2) All Mineral Resources and Mineral Reserves estimates have been determined and reported in accordance with National Instrument 43-101 ("NI 43-101") and the classification adopted by the Canadian Institute of Mining, Metallurgy and Petroleum ("CIM");
- (3) Measured and Indicated Mineral Resources are inclusive of Proven and Probable Mineral Reserves;
- (4) Mineral Resources and Mineral Reserves may be subject to legal, political, environmental and other risks and uncertainties;
- (5) Mineral Resources and Mineral Reserves estimates have been reviewed and prepared by CSA Global (UK) Ltd, a privately-owned consulting company that provides multi-disciplinary services to the global resources industry and is independent of the Company;
- (6) Mineral Resources and Mineral Reserves estimates are based on long term metals prices of \$1,250/oz Au and \$23/oz Ag and are as of December 31, 2013; and
- (7) Mineral Resources and Mineral Reserves are based on a gold cut-off grade of 0.6 g/t for the Upper Zone and Overburden and 0.8 g/t for the Wall.

Project Economics

Based on these Mineral Reserves and Mineral Resources, as well as updated capital and operating costs, the Project economics and other key metrics are shown in the table below.

Key Project Operating and Financial Metrics	Life of Mine Average
Annual tonnes processed	775,000 tpy
Gold grade	4.04 g/t
Silver grade	2.22 g/t
Strip ratio	2.6:1 waste:ore
Gold recovery	85%
Silver recovery	70%
Annual gold production	85,700 oz
Annual silver production	38,700 oz
Total cash cost per oz AuEq (1)	\$404
Annual EBITDA	\$66 million
Total gold production	685,549 oz
Total silver production	309,915 oz
NPV at a discount rate of 5.0%, after-tax(2)(3)	\$187.6 million
Internal rate of return, after-tax ("IRR")(2)(3)	24.8%
Payback period, after-tax (from start of production)	2.4 years
Mine life	8 years

- (1) Based on long term metals prices of \$1,250/oz Au and \$15.00/oz Ag.
(2) US\$ / Euro exchange rate = 1.14.
(3) Includes an allowance for smelter terms and community investment.

Exploration Results

Diamond drilling to test near surface and covered target areas near the Ada Tepe deposit, both on the concession and surrounding exploration licences that cover 127 km², commenced in 2015. Target areas were defined using ground geophysical data from gravity, magnetics and IP (Induced Polarization) surveys carried out in 2014 and 2015, as well as geological and geochemical data. At the Kupel North target area, located 2 km east of Ada Tepe, Hole KPDD009 intersected 8 metres with an average grade of 12.8 g/t gold and 4.9 g/t silver at a depth of 277 metres. Additional drill holes at Kupel North and the first holes at the Chobanska target area, located 750 metres northeast of Ada Tepe, are part of an ongoing 3,750 metre drill program.

Technical Information

The Mineral Resource and Mineral Reserve estimates and other scientific and technical information contained in this news release was prepared by CSA Global (UK) Ltd. ("CSA"), in accordance with Canadian regulatory requirements set out in NI 43-101 Standards of Disclosure for Mineral Projects, and has been reviewed and approved by, as relates to Mineral Resources and Mineral Reserves, Richard Gosse, Senior Vice President, Exploration, and Ross Overall, Corporate Senior Resource Geologist. Both Richard Gosse and Ross Overall are Qualified Persons ("QP") as defined under NI 43-101 and not independent of the Company. The Technical Report in respect of the study for the construction and operation of its Krumovgrad gold project disclosed herein was filed on SEDAR at www.sedar.com on March 28, 2014.

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 for more information with respect to the key assumptions, parameters, methods and risks of determination associated with the foregoing Mineral Resource estimates.

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 continuing operating assets include the Chelopech operation, which produces a copper concentrate containing gold and silver and a pyrite concentrate containing gold, located east of Sofia, 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 Bulgaria, Serbia, and northern Canada, including the Krumovgrad project and its 10.7% interest in Sabina Gold & Silver Corp.

Cautionary Note Regarding Forward Looking Statements

This press release contains "forward looking statements" that involve a number of risks and uncertainties. Forward looking statements include, but are not limited to, statements with respect to the future price of gold, copper, zinc and silver, the estimation of mineral reserves and resources, the realization of such mineral estimates, the timing and amount of estimated future production and output, life of mine, costs of production, cash costs and other cash measures, capital expenditures, costs and timing of the development of new deposits, success of exploration activities, success of permitting activities, permitting time lines, currency fluctuations, requirements for additional capital, government regulation of mining operations, environmental risks, reclamation expenses, the potential or anticipated outcome of title disputes or claims and timing and possible outcome of pending litigation. Often, but not always, forward looking statements can be identified by the use of words 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. Forward looking statements are based on the opinions and estimates of management 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.

Such factors include, among others: the actual results of current exploration activities; actual results of current reclamation activities; conclusions of economic evaluations and economic studies; changes in project parameters as plans continue to be refined; future prices of gold, copper, zinc and silver; possible variations in ore grade or recovery rates; failure of plant, equipment or processes to operate as anticipated; accidents, labour disputes and other risks of the mining industry; delays in obtaining governmental approvals or financing or in the completion of development or construction activities, 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 prices; unanticipated title disputes; claims or litigation; limitation on insurance coverage; cyber attacks; as well as those risk factors discussed or referred to in the Company's MD&A under the heading "Risks and Uncertainties" and under the heading "Cautionary Note Regarding Forward Looking Statements" which include further details on material assumptions used to develop such forward looking

statements and material risk factors that could cause actual results to differ materially from forward looking statements, and other documents (including without limitation the Company's 2015 AIF) 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. 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. 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.

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