DUNDEE PRECIOUS METALS ANNOUNCES 2014 SECOND QUARTER RESULTS

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

Toronto, Ontario, July 30, 2014 – Dundee Precious Metals Inc. (TSX: DPM; DPM.WT.A)

FINANCIAL AND OPERATING HIGHLIGHTS:

- ***Mines –*** Higher metals production and lower costs achieved at Chelopech during the quarter. Kapan production negatively impacted by temporary shutdown in June.
- ***Smelter –*** Record production and higher tolls fuelled higher EBITDA in the period. Acid plant construction remains on track for completion by year end.
- ***Near term growth –*** Krumovgrad Municipal Council approved the Company's terms of reference allowing DPM to proceed with the preparation and submission of a detailed development plan.
- ***Impairment loss –*** Kapan's exploration and evaluation assets related primarily to a previously contemplated open pit expansion were reduced by $70 million.
- ***Financial results –*** Exited second quarter with approximately $225 million of cash resources, including $200 million from undrawn portion of long-term revolving credit facility.

Dundee Precious Metals Inc. ("DPM" or the "Company") today reported a second quarter 2014 net loss attributable to common shareholders of $79.7 million ($0.57 per share) compared to net earnings of $15.9 million ($0.12 per share) for the same period in 2013. Net loss attributable to common shareholders in the first six months of 2014 was $69.7 million ($0.50 per share) compared to net earnings of $16.6 million ($0.13 per share) for the same period in 2013.

Net loss attributable to common shareholders for the second quarter of 2014 was impacted by several items not reflective of the Company's underlying operating performance, including impairment losses primarily taken in connection with certain exploration and evaluation assets, unrealized gains and losses attributable to hedging future copper and gold production, unrealized losses attributable to DPM's equity settled warrants, and net gains on Sabina warrants. Excluding these items, adjusted net earnings[(1)] during the second quarter of 2014 were $9.3 million ($0.07 per share) compared to $3.6 million ($0.03 per share) for the corresponding period in 2013. This increase was due primarily to higher volumes of concentrate smelted at higher toll rates at Tsumeb and lower third party treatment charges at Chelopech, partially offset by higher depreciation following the completion of Tsumeb's Project 2012 in the fourth quarter of 2013.

In the first six months of 2014, adjusted net earnings were $7.0 million ($0.05 per share) compared to $10.2 million ($0.08 per share) in the corresponding period in 2013. This decrease was due primarily to lower metal prices, lower volumes of payable metals in concentrate sold and higher depreciation, partially offset by higher volumes of concentrate smelted at higher toll rates at Tsumeb, lower third party treatment charges at Chelopech and the net favourable impact of a stronger U.S. dollar.

"Our flagship asset, Chelopech, performed well in the quarter, with metals production higher than in the first quarter as a result of higher grades and recoveries. We continue to see improvements at Tsumeb, where increased production and higher toll rates contributed to significantly higher EBITDA. Despite numerous improvements made at Kapan, we experienced a set-back in the second quarter as a result of a fatality sustained at the mine, which triggered a temporary shutdown of the operation and has impacted the ramp-up to full production" said Rick Howes, President and CEO. "At Krumovgrad, we received a positive signal with the approval from the Krumovgrad Municipal Council and are now able to proceed with filing our development plans to move the project forward."

Impairment losses

At June 30, 2014, the Company reduced the carrying value of Kapan's exploration and evaluation assets by $70.0 million, with the resulting impairment loss recognized through other expense (income). This loss reflects management's determination that capitalized exploration and evaluation costs incurred primarily to support the merits of an open pit expansion, initially the preferred option, should be written-off. The assessment work being conducted in support of a potential underground expansion is progressing well and expected to be completed later this year.

The Company also recognized a $6.8 million impairment loss during the second quarter of 2014 in respect of certain equipment that was to have been used by Chelopech for a metals processing facility.

Adjusted EBITDA

Adjusted EBITDA(1) during the second quarter and first six months of 2014 was $32.2 million and $48.9 million, respectively, compared to $20.8 million and $47.3 million in the corresponding periods in 2013, driven by the same factors affecting adjusted net earnings, except for depreciation which is excluded from adjusted EBITDA.

The average market price for gold during the second quarter and first six months of 2014 decreased by 10% and 16%, respectively, compared to the corresponding periods in 2013. The average market price for copper during the second quarter and first six months of 2014 decreased by 5% and 8%, respectively, compared to corresponding periods in 2013. The average realized copper price, including realized hedging gains, for the second quarter and first six months of 2014 was $3.34 and $3.30 per pound, respectively, compared to $3.33 and $3.49 per pound in the corresponding periods in 2013.

Production and Deliveries

Copper and zinc concentrate production in the second quarter and first six months of 2014 of 34,341 tonnes and 63,402 tonnes, respectively, was 4% and 14% lower than the corresponding periods in 2013. The quarter over quarter decrease was due primarily to lower volumes of ore mined and processed at Kapan partially offset by higher volumes of ore processed at Chelopech. The decrease in the first six months of 2014 relative to the corresponding period in 2013 was due primarily to lower copper grades and recoveries at Chelopech and lower volumes of ore mined and processed at Kapan. The lower recoveries at Chelopech in the second quarter and first six months of 2014 were due primarily to the treatment of increased volumes of ore characterized by a higher sulphur to copper ratio than originally anticipated. This material has a higher intrinsic pyrite content, which increases the load on downstream sections once recovered in the flotation circuits. Important mechanical and operating parameters affecting the recoveries in the first six months of 2014 have now been corrected. Further optimization of the new circuits is ongoing and is expected to continue over the balance of 2014.

Gold contained in pyrite concentrate produced in the second quarter and first six months of 2014 was 10,188 ounces and 14,980 ounces, respectively.

Concentrate smelted at Tsumeb during the second quarter and the first six months of 2014 of 60,322 tonnes and 109,472 tonnes, respectively, was 30% and 35% higher than the corresponding periods in 2013 supported by the introduction of the second oxygen plant in late January 2014 and the completion of Project 2012, which negatively impacted 2013 production due to the downtime associated with commissioning activities.

Deliveries of copper and zinc concentrates during the second quarter of 2014 of 35,513 tonnes were comparable to the deliveries in the corresponding period in 2013. Deliveries of copper and zinc concentrates during the first six months of 2014 of 66,705 tonnes were 7% lower than the corresponding period in 2013 due primarily to lower concentrate production at Chelopech as a result of lower copper grades and recoveries, and lower volumes of ore mined and processed at Kapan.

Relative to the second quarter of 2013, payable gold in copper and zinc concentrates sold in the second quarter of 2014 decreased by 5% to 35,411 ounces, payable copper in concentrate sold increased by 7% to 11.2 million pounds, payable silver in concentrate sold decreased by 9% to 126,760 ounces and payable zinc in concentrate sold decreased by 36% to 3.0 million pounds. The increase in payable copper in concentrate sold was due primarily to increased copper concentrate deliveries at Chelopech. The decreases in payable gold and silver in concentrate sold were due primarily to lower recoveries at Chelopech. The decrease in payable zinc in concentrate sold was due primarily to lower volumes of ore mined and processed at Kapan.

Relative to the first six months of 2013, payable gold in copper and zinc concentrates sold in the first six months of 2014 decreased by 16% to 62,736 ounces, payable copper in concentrate sold decreased by 5% to 20.8 million pounds, payable silver in concentrate sold decreased by 4% to 236,373 ounces and payable zinc in concentrate sold decreased by 35% to 5.0 million pounds. These decreases were consistent with the lower contained metals in concentrate produced in the first six months of 2014 relative to the corresponding period in 2013.

Payable gold in pyrite concentrate sold in the second quarter and first six months of 2014 was 8,115 ounces (2013 – 843 ounces) and 10,993 ounces (2013 – 1,830 ounces), respectively.

Cash cost of sales per ounce of gold sold

Consolidated cash cost of sales per ounce of gold sold, net of by-product credits, during the second quarter of 2014 of $277 was 20% lower than the cash cost of sales of $346 for the corresponding period in 2013 due primarily to lower treatment charges and higher volumes of payable copper in concentrate sold.

Consolidated cash cost of sales per ounce of gold sold, net of by-product credits, during the first six months of 2014 of $402 was 30% higher than the cash cost of sales of $309 for the corresponding period in 2013 due primarily to lower volumes of payable metals in concentrate sold and lower metal prices, partially offset by lower treatment charges.

All-in sustaining cost per ounce of gold

Consolidated all-in sustaining cost per ounce of gold, net of by-product credits, in the second quarter of 2014 was $581 compared to $650 in the corresponding period in 2013. This decrease was due primarily to the same factors affecting cash cost of sales per ounce of gold sold and lower cash outlays for sustaining capital expenditures, partially offset by higher general and administrative expenses.

Consolidated all-in sustaining cost per ounce of gold, net of by-product credits, in the first six months of 2014 was $794 compared to $617 in the corresponding period in 2013. This increase was due primarily to the same factors affecting cash cost of sales per ounce of gold sold and higher general and administrative expenses.

Cash provided from operating activities

Cash provided from operating activities in the second quarter of 2014 was $24.1 million compared to $11.5 million in the corresponding period in 2013 due primarily to the same factors affecting adjusted EBITDA and lower income taxes paid, partially offset by higher working capital requirements. Cash provided from operating activities in the first six months of 2014 was $35.7 million compared to $43.5 million in the corresponding period in 2013 due primarily to the same factors affecting adjusted EBITDA and higher working capital requirements, partially offset by lower income taxes paid.

Cash provided from operating activities, before changes in non-cash working capital, during the second quarter and first six months of 2014 of $32.4 million and $49.3 million, respectively, was $23.5 million and $16.1 million higher than the corresponding periods in 2013 due primarily to the same factors affecting adjusted EBITDA and lower income taxes paid.

Capital expenditures

Cash outlays for capital expenditures during the second quarter and first six months of 2014 totalled $52.1 million and $102.7 million, respectively, compared to $40.6 million and $101.8 million in the corresponding periods in 2013 due primarily to timing of payments for work related to the construction of a new acid plant at Tsumeb, partially offset by the completion of Project 2012 in December 2013.

Financial position

In June 2014, DPM increased its revolving credit facility ("RCF") by $125.0 million to $275.0 million with the existing consortium and one new bank. The expanded RCF is comprised of a $150.0 million (previously $125.0 million) tranche maturing early 2017, a $45.0 million (previously $25.0 million) tranche maturing early 2019 and a new $80.0 million tranche maturing mid-2019 that has quarterly reductions of $4.0 million beginning in the third quarter of 2016. As at June 30, 2014, DPM maintained a consolidated cash position of $24.7 million, an investment portfolio valued at $21.9 million and $200 million of additional liquidity under its RCF. These cash resources, together with the cash flow currently being generated, support the continued development of the Company's business.

2014 Guidance

The Company's production and cash cost guidance for 2014 is set out in the following table and is unchanged from the guidance issued in April, except for ore mined/milled and metals contained in concentrate produced which have been updated to reflect the first six months of 2014 performance.

Current 2014 Guidance					**Prior 2014 Guidance**
	Chelopech	**Kapan**	**Tsumeb**	**Consolidated**	**Consolidated**
Ore mined/milled ('000s tonnes)	1,900 – 2,050	420 – 440	-	**2,320 – 2,490**	**2,375 – 2,575**
Concentrate smelted ('000s tonnes)	-	-	190 – 220	**190 – 220**	**190 – 220**
Metals contained in concentrate produced[1]:					
Gold ('000s ounces)	126.0 – 130.0	23.0 – 27.0	-	**149 – 157**	**155 – 174**
Copper (million pounds)	42.7 – 46.2	2.4 – 2.8	-	**45.1 – 49.0**	**45.5 – 50.0**
Zinc (million pounds)	-	11.6 – 15.9	-	**11.6 – 15.9**	**11.6 – 15.9**
Silver ('000s ounces)	210 – 230	430 – 468	-	**640 – 698**	**678 - 870**
Cash cost/tonne of ore processed ($)[2]	43 – 47	81 – 91	-	**51 – 56**	**51 - 56**
Cash cost/ounce of gold sold, net of by-product credits ($)[1],[2]	285 – 430	485 – 855	-	**335 – 505**	**335 - 505**
All-in-sustaining cost per ounce of gold ($)[1],[2]	-	-	-	**710 – 815**	**710 – 815**
Cash cost/tonne of concentrate smelted ($)[2]	-	-	280 – 350	**280 – 350**	**280 – 350**
Payable gold in pyrite concentrate sold ('000s ounces)	27 – 33	-	-	**27 – 33**	**27 – 33**

(1) Excludes metals in pyrite concentrate and, where applicable, the treatment charges, transportation and other selling costs related to the sale of pyrite concentrate, which is reported separately.

(2) *Based on current exchange rates and, where applicable, a copper price of $3.36 per pound, a silver price of $20.53 per ounce and a zinc price of $1.03 per pound.*

The Chelopech mine performed well in the second quarter of 2014, with metals production well above first quarter levels. However, gold recoveries in the copper concentrate have not yet reached the levels expected from the new flotation circuits. Further optimization of the new circuits is ongoing and is expected to continue over the balance of 2014. As a result, the upper end of the guidance for 2014 gold production has been reduced to 130,000 ounces from 138,000 ounces. In the interim, additional gold is reporting to the pyrite concentrate, which partially offsets this impact. Metals production in the third quarter of 2014 is expected to be lower than metals production in the fourth quarter of 2014 as a result of mine sequencing and the associated variation in grades.

In May 2014, an underground worker was fatally injured in the Kapan mine. Operations were immediately suspended and, over the course of a three week period, an investigation was initiated, involving company officials, government representatives and outside experts to ensure any recommended changes to the mine's work and safety procedures were implemented prior to resuming operations. Production has resumed but has not yet returned to expected levels resulting in production guidance being reduced to reflect this lower level of production.

For 2014, the majority of the Company's growth capital expenditures(1) will be focused on the construction of an acid plant at Tsumeb. Other growth capital expenditures include the pyrite recovery circuit and margin improvement projects at Chelopech, securing the remaining permits and planning for the commencement of construction related to the Krumovgrad Gold Project, and exploration and development work to enhance underground operations and advance a potential expansion at Kapan. In aggregate, these expenditures are expected to range between $160 million and $175 million. Sustaining capital expenditures(1) are expected to range between $37 million and $45 million.

The 2014 guidance provided is not expected to occur evenly throughout the year as a result of variations associated with areas being mined from quarter to quarter, the timing of concentrate deliveries, planned outages, including the annual maintenance shutdown at Tsumeb, which this year is occurring in July. Also, the rate of capital expenditures may vary from quarter to quarter based on the schedule for, and execution of, each capital project and, where applicable, the receipt of necessary permits and approvals. Further details can be found in the Company's MD&A under the section "2014 Guidance".

(1) Adjusted net earnings, adjusted basic earnings per share, adjusted earnings before interest, taxes, depreciation and amortization ("EBITDA"), cash from operating activities, before changes in non-cash working capital, cash cost per tonne of ore processed, cash cost per ounce of gold sold, net of by-product credits, all-in sustaining cost per ounce of gold, cash cost per tonne of concentrate smelted, and growth and sustaining capital expenditures are not defined measures under International Financial Reporting Standards ("IFRS"). Presenting these measures from period to period helps management and investors evaluate earnings and cash flow trends more readily in comparison with results from prior periods. Refer to the "Non-GAAP Financial Measures" section of the management's discussion and analysis for the three and six months ended June 30, 2014 (the "MD&A") for further discussion of these items, including reconciliations to net (loss) earnings attributable to common shareholders and (loss) earnings before income taxes.

KEY FINANCIAL AND OPERATIONAL HIGHLIGHTS

$ millions, except where noted	Three Months		Six Months	
Ended June 30,	**2014**	2013	**2014**	2013
Revenue	**98.0**	80.2	**174.4**	168.2
Gross profit (1)	**30.4**	16.4	**43.2**	40.6
(Loss) earnings before income taxes	**(82.1)**	16.7	**(70.0)**	21.1
Net (loss) earnings attributable to common shareholders	**(79.7)**	15.9	**(69.7)**	16.6
Basic (loss) earnings per share ($)	**(0.57)**	0.12	**(0.50)**	0.13
Adjusted EBITDA (2)	**32.2**	20.8	**48.9**	47.3
Adjusted net earnings (2)	**9.3**	3.6	**7.0**	10.2
Adjusted basic earnings per share ($) (2)	**0.07**	0.03	**0.05**	0.08
Cash provided from operating activities	**24.1**	11.5	**35.7**	43.5
Cash provided from operating activities, before changes in non-cash working capital (2)	**32.4**	8.9	**49.3**	33.2
Copper and zinc concentrate produced (mt)	**34,341**	35,925	**63,402**	73,327
Metals in copper and zinc concentrate produced:				
Gold (ounces)	**38,835**	40,617	**65,442**	85,089
Copper (‘000s pounds)	**11,600**	11,431	**20,955**	24,033
Zinc (‘000s pounds)	**2,990**	5,844	**6,124**	9,202
Silver (ounces)	**168,612**	215,009	**298,935**	370,413
Tsumeb – concentrate smelted (mt)	**60,322**	46,393	**109,472**	80,886
Deliveries of copper and zinc concentrate (mt)	**35,513**	35,211	**66,705**	71,614
Payable metals in copper and zinc concentrate sold:				
Gold (ounces)	**35,411**	37,282	**62,736**	74,568
Copper (‘000s pounds)	**11,173**	10,465	**20,759**	21,779
Zinc (‘000s pounds)	**3,051**	4,794	**5,031**	7,797
Silver (ounces)	**126,760**	139,568	**236,373**	246,287
Payable gold in pyrite concentrate sold (ounces)	**8,115**	843	**10,993**	1,830
Cash cost of sales per ounce of gold sold, net of by-product credits ($) (2)	**277**	346	**402**	309
All-in sustaining cost per ounce of gold ($) (2)	**581**	650	**794**	617
Cash cost/tonne of concentrate smelted at Tsumeb($) (2)	**296**	389	**301**	431

(1) Gross profit is regarded as an additional GAAP measure and is presented in the Company’s condensed interim unaudited consolidated statements of (loss) earnings. Gross profit represents revenue less cost of sales and is one of several measures used by management and investors to assess the underlying operating profitability of a business.

(2) Adjusted EBITDA; adjusted net earnings; adjusted basic earnings per share; cash flow provided from operating activities, before changes in non-cash working capital; cash cost of sales per ounce of gold sold, net of by-product credits; all-in sustaining cost per ounce of gold; and cash cost per tonne of concentrate smelted, are not defined measures under IFRS. Refer to the MD&A for reconciliations to IFRS measures.

DPM’s condensed interim unaudited consolidated financial statements, and MD&A for the second quarter and first six months ended June 30, 2014, are posted on the Company’s website at www.dundeeprecious.com and have been filed on SEDAR at www.sedar.com.

The Company will be holding a call to discuss its 2014 second quarter results on July 31, 2014, at 9:00 a.m. (E.S.T.). Participants are invited to join the live webcast (audio only) at: http://www.gowebcasting.com/5622. Alternatively participants can access a listen only telephone option at 416-340-2219 or North America Toll Free at 1-866-226-1798. A replay of the call will be available at 905-694-9451 or North America Toll Free at 1-800-408-3053, passcode 2783756. The audio webcast for this conference call will also be archived and available on the Company's website at www.dundeeprecious.com.

Dundee Precious Metals Inc. is a Canadian based, international gold mining company engaged in the acquisition, exploration, development, mining and processing of precious metals. The Company's principal operating assets include the Chelopech operation, which produces a copper concentrate containing gold and silver, located east of Sofia, Bulgaria; the Kapan operation, which produces a copper concentrate and a zinc concentrate, both containing gold and silver, located in southern Armenia; and the Tsumeb smelter, a concentrate processing facility located in Namibia. DPM also holds interests in a number of developing gold properties located in Bulgaria, Serbia, and northern Canada, including interests held through its 53.1% owned subsidiary, Avala Resources Ltd., its 45.5% interest in Dunav Resources Ltd. and its 12.1% 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, costs of production, capital expenditures, costs and timing of the development of new deposits, success of exploration 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", "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; 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; 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 2013 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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