

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.

Dundee Precious Metals Inc. is pleased to announce an update of its Krumovgrad gold 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. 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.

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 of ore, producing an annual average of 85,700 oz of gold and 38,700 oz of silver for an estimated 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.

**Exploration Results** 



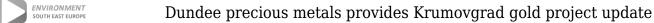
Diamond drilling to test near surface and covered target areas near the Ada Tepe deposit, both on the concession and surrounding exploration licences that cover 127 km2, commenced in 2015. Target areas were defined using ground geophysical data from gravity, magnetics and IP surveys carried out in 2014 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 Ltd., 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 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.

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 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 by 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.

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