



**DUNDEE PRECIOUS METALS ACQUIRES SHARES AND WARRANTS  
OF AVALA RESOURCES LTD. ON COMPLETION OF BUSINESS COMBINATION WITH  
DUNAV RESOURCES LTD.**

**Toronto, Ontario – October 3, 2014** – Dundee Precious Metals Inc. (TSX: DPM; DPM.WT.A) (“DPM” or the “Company”) announces that it has been issued an additional 83,435,171 common shares (“Shares”) and 24,399,736 common share purchase warrants (“Warrants”) of Avala Resources Ltd. (“Avala”) in exchange for its securities held in Dunav Resources Ltd. (“Dunav”) as described herein, upon a completed business combination by way of a plan of arrangement (the “Arrangement”) between Avala and Dunav, effective October 2, 2014.

Pursuant to the Arrangement, holders of Dunav common shares received 1.0457 of a common share of Avala for every one Dunav common share surrendered. The outstanding share purchase warrants of Dunav were deemed to be exchanged for Avala warrants, adjusted on the basis of the aforementioned exchange ratio, and otherwise on the same terms and conditions as the original Dunav warrants.

As a result of the above Arrangement, DPM now holds an aggregate of 218,591,207 Shares and 49,399,736 Warrants of Avala. These holdings represent approximately a 50.14% interest in Avala, on an undiluted basis, and 55.2%, assuming the exercise of the Warrants, on a partially diluted basis.

DPM continues to hold special rights for an additional 25,000,000 common shares of Avala that will be automatically issued, for no additional consideration, upon a positive decision to proceed to a feasibility study on the Avala projects and an additional 25,000,000 common shares of Avala that will be automatically issued, for no additional consideration, upon a positive decision to bring all or part of the Avala projects into production.

The above noted securities are held for investment purposes. These investments will be reviewed on a continuing basis and such holdings may be increased or decreased in the future.

A copy of the Early Warning Report filed with the applicable securities regulators regarding the above grant is available on SEDAR ([www.sedar.com](http://www.sedar.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 50.14% owned subsidiary, Avala Resources Ltd. and its 12.1% interest in Sabina Gold & Silver Corp.

For further information please contact:

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