DUNDEE CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2012

Management's Report on Internal Control over Financial Reporting

The consolidated financial statements of Dundee Corporation (the "Corporation"), the accompanying notes thereto and other financial information contained in the Corporation's management's discussion and analysis and annual information form are the responsibility of, and have been prepared by management. These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards and, where appropriate, include management's best estimates and judgments. Management has reviewed the financial information presented throughout the documents accompanying these consolidated financial statements and has ensured it is consistent with the consolidated financial statements.

Management maintains a system of internal control designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that financial information is timely and reliable. However, any system of internal control over financial reporting, no matter how well designed and implemented, has inherent limitations and may not prevent or detect all misstatements.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Audit Committee, which is currently comprised of five independent directors, reviews the interim and annual consolidated financial statements and management's discussion and analysis of the Corporation and recommends them for approval by the Board of Directors. Other key responsibilities of the Audit Committee include the monitoring of the Corporation's system of internal control over financial reporting, including disclosure controls, and reviewing the qualifications, fees, independence and performance of the external auditor. The Audit Committee reports its findings to the Board of Directors before the consolidated financial statements are approved by the Board of Directors.

PricewaterhouseCoopers LLP, an independent firm of Chartered Accountants, was appointed by the shareholders of the Corporation at the last annual meeting to examine the consolidated financial statements and provide an independent professional opinion as to their compliance with International Financial Reporting Standards. The auditor has full and unrestricted access to the Audit Committee to discuss their audit and related matters.

(signed) Ned Goodman
President and
Chief Executive Officer

(signed) Lucie Presot
Vice President and
Chief Financial Officer

Toronto, Canada
March 14, 2013

Independent Auditor's Report

To the Shareholders of Dundee Corporation

We have audited the accompanying consolidated financial statements of Dundee Corporation, which comprise the consolidated statements of financial position as at December 31, 2012 and December 31, 2011 and the consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flow for the years then ended, and the related notes which comprise a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with International Financial Reporting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained in our audits is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dundee Corporation as at December 31, 2012 and December 31, 2011 and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards.

(signed) PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
March 14, 2013

DUNDEE CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

(expressed in thousands of Canadian dollars)

	Note	As at December 31, 2012	December 31, 2011
ASSETS			
Cash		$ 41,824	$ 213,523
Accounts receivable		315,607	308,101
Client accounts receivable	6	332,627	270,526
Derivative financial assets	7	5,135	6,056
Brokerage securities owned	8	74,681	37,600
Investments	9	1,228,512	1,484,969
Equity accounted investments	10	464,536	429,176
Real estate joint venture investments	11	65,204	47,917
Real estate assets	12	572,878	444,605
Resource properties	13	169,461	181,690
Livestock	14	17,651	4,771
Capital and other assets	15	97,980	52,665
TOTAL ASSETS		**$ 3,386,096**	**$ 3,481,599**
LIABILITIES			
Accounts payable and accrued liabilities		$ 261,850	$ 207,497
Client deposits and related liabilities	16	364,198	329,951
Brokerage securities sold short	8	17,289	14,199
Income taxes payable		47,798	213
Corporate debt	17	333,062	546,597
Decommissioning liabilities	18	44,739	45,234
Preference Shares, series 1	19	148,773	148,423
Deferred income tax liabilities	27	153,238	170,738
		1,370,947	1,462,852
SHAREHOLDERS' EQUITY			
Share capital			
Common shares	20	207,768	210,573
Preference Shares, series 2	19	127,068	127,068
Contributed surplus		11,720	14,253
Retained earnings		1,506,169	1,522,522
Accumulated other comprehensive income (loss)	21	15,260	(67,144)
		1,867,985	1,807,272
NON-CONTROLLING INTEREST	22	147,164	211,475
		2,015,149	2,018,747
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 3,386,096**	**$ 3,481,599**

The accompanying notes are an integral part of these consolidated financial statements.

Commitments, contingencies and off-balance sheet arrangements (note 33)

Approved by the Board:

(signed) Ned Goodman
Director

(signed) K. Barry Sparks
Director

DUNDEE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31, 2012 and 2011
(expressed in thousands of Canadian dollars, except for per share amounts)

	Note		2012		2011
REVENUES	23	$	702,281	$	574,039
OTHER ITEMS IN NET EARNINGS					
Cost of sales	24		(413,924)		(304,688)
Depreciation and depletion	12, 13, 15		(39,819)		(21,979)
General and administrative	26		(129,831)		(138,077)
Realized loss from investments	9		(77,935)		(23,538)
Share of earnings from equity accounted investments	10		35,070		61,847
(Loss) gain on sale of equity accounted investments	10		(323)		95,572
Fair value changes in investment properties	12		9,705		3,813
Fair value changes in livestock	14		3,846		-
Gain on derivative financial instruments	7		3,007		6,288
Interest expense	17, 18		(27,560)		(28,131)
Foreign exchange loss			(534)		(952)
NET EARNINGS BEFORE INCOME TAXES			63,983		224,194
Income taxes	27		(31,925)		(50,953)
NET EARNINGS FROM CONTINUING OPERATIONS			32,058		173,241
DISCONTINUED OPERATIONS	30				
Loss from operations of DundeeWealth Inc., net of taxes			-		(20,000)
Gain on sale of DundeeWealth Inc., net of taxes			-		870,828
			-		850,828
NET EARNINGS FOR THE YEAR		**$**	**32,058**	**$**	**1,024,069**
NET EARNINGS ATTRIBUTABLE TO:					
Owners of the parent			10,826		1,014,639
Non-controlling interest			21,232		9,430
		$	**32,058**	**$**	**1,024,069**
NET EARNINGS PER SHARE	28				
Basic					
Continuing operations		$	0.04	$	2.23
Discontinued operations			-		13.30
		$	0.04	$	15.53
Diluted					
Continuing operations		$	0.04	$	2.17
Discontinued operations			-		12.93
		$	0.04	$	15.10

The accompanying notes are an integral part of these consolidated financial statements.

DUNDEE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2012 and 2011
(expressed in thousands of Canadian dollars)

	Note	2012	2011
NET EARNINGS FOR THE YEAR		$ 32,058	$ 1,024,069
Other comprehensive income (loss):			
Unrealized loss on available-for-sale securities,		(5,591)	(183,379)
net of associated taxes		8,931	33,206
Transfer of unrealized loss to net earnings,		105,180	23,538
net of associated taxes		(20,416)	(5,885)
Reversal of unrealized losses on available-for-sale securities to net earnings,		-	1,682
net of associated taxes		-	(421)
Unrealized (loss) gains from foreign currency translation		(681)	490
Share of other comprehensive loss from equity accounted investments,		(7,131)	(18,131)
net of associated taxes		1,919	3,649
Transfer of unrealized other comprehensive loss from equity accounted investments to net earnings,		-	3,806
net of associated taxes		-	(952)
Other comprehensive income (loss) from continuing operations		82,211	(142,397)
Other comprehensive loss from discontinued operations,	30	-	(11,439)
net of associated taxes		-	3,061
Transfer of other comprehensive income from discontinued operations,		-	(37,100)
net of associated taxes		-	9,905
Total other comprehensive income (loss)		82,211	(177,970)
COMPREHENSIVE INCOME FOR THE YEAR		**$ 114,269**	**$ 846,099**
COMPREHENSIVE INCOME ATTRIBUTABLE TO:			
Owners of the parent		93,230	857,300
Non-controlling interest		21,039	(11,201)
		$ 114,269	**$ 846,099**

The accompanying notes are an integral part of these consolidated financial statements.

DUNDEE CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

For the years ended December 31, 2012 and 2011
(expressed in thousands of Canadian dollars)

	Attributable to Owners of the Parent						
	Common Shares	Preference Shares, Series 2	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Non-controlling Interest	Total
Balance, December 31, 2010	$ 273,414	$ 127,068	$ 9,562	$ 833,415	$ 90,195	$ 734,789	$ 2,068,443
For the year ended December 31, 2011							
Net earnings, continuing operations	-	-	-	153,481	-	19,760	173,241
Net loss from discontinued operations (note 30)	-	-	-	(9,670)	-	(10,330)	(20,000)
Gain on sale of discontinued operations (note 30)	-	-	-	870,828	-	(515,425)	355,403
Other comprehensive loss, continuing operations	-	-	-	-	(140,187)	(2,210)	(142,397)
Other comprehensive loss from discontinued operations (note 30)	-	-	-	-	(17,152)	(18,421)	(35,573)
Acquisition of Class A subordinate shares for cancellation (note 20)	(63,088)	-	-	(316,681)	-	-	(379,769)
Issuance of Class A subordinate shares for non-cash consideration (note 20)	70	-	-	-	-	-	70
Issuance of Class A subordinate shares for cash (note 20)	70	-	-	-	-	-	70
Dividends on Preference Shares, series 2	-	-	-	(8,775)	-	-	(8,775)
Stock based compensation (note 25)	-	-	2,282	-	-	-	2,282
Exercise of options (note 20)	107	-	(32)	-	-	-	75
Share incentive arrangements	-	-	3,127	-	-	-	3,127
Changes of ownership interest in subsidiaries (note 5)	-	-	(686)	-	-	3,312	2,626
Realized actuarial losses from equity accounted investments	-	-	-	(76)	-	-	(76)
Balance, December 31, 2011	210,573	127,068	14,253	1,522,522	(67,144)	211,475	2,018,747
For the year ended December 31, 2012							
Net earnings, continuing operations	-	-	-	10,826	-	21,232	32,058
Other comprehensive income, continuing operations	-	-	-	-	82,404	(193)	82,211
Acquisition of Class A subordinate shares for cancellation (note 20)	(3,646)	-	-	(18,404)	-	-	(22,050)
Issuance of Class A subordinate shares for non-cash consideration (note 20)	70	-	-	-	-	-	70
Issuance of Class A subordinate shares for cash (note 20)	70	-	-	-	-	-	70
Dividends on Preference Shares, series 2	-	-	-	(8,775)	-	-	(8,775)
Stock based compensation (note 25)	-	-	2,422	-	-	-	2,422
Exercise of options (note 20)	701	-	(48)	-	-	-	653
Share incentive arrangements	-	-	901	-	-	-	901
Dividends paid to non-controlling interest	-	-	-	-	-	(10,500)	(10,500)
Changes of ownership interest in subsidiaries (note 5)	-	-	(5,808)	-	-	(74,850)	(80,658)
Balance, December 31, 2012	**$ 207,768**	**$ 127,068**	**$ 11,720**	**$ 1,506,169**	**$ 15,260**	**$ 147,164**	**$ 2,015,149**

The accompanying notes are an integral part of these consolidated financial statements.

DUNDEE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW

For the years ended December 31, 2012 and 2011
(expressed in thousands of Canadian dollars)

	Note	2012	2011
OPERATING ACTIVITIES:			
Net earnings for the year		$ 32,058	$ 1,024,069
Adjusted for: net loss from discontinued operations	30	-	20,000
Items not affecting cash and other adjustments	29	71,034	(929,884)
Changes in non-cash working capital items	29	(5,489)	83,071
Cash provided from operating activities - continuing operations		97,603	197,256
Cash provided from operating activities - discontinued operations		-	37,617
CASH PROVIDED FROM OPERATING ACTIVITIES		97,603	234,873
INVESTING ACTIVITIES:			
Net investment in real estate assets and real estate joint ventures		(25,981)	(42,750)
Net investment in resource properties		(18,716)	(12,432)
Net investment in livestock and other agricultural assets		(34,246)	(765)
Cash disbursed in business combinations		-	(16,168)
Acquisition of portfolio investments		(394,849)	(478,858)
Proceeds from dispositions of portfolio investments		642,802	405,272
Dividends received from discontinued operations		-	155,982
Net investment in capital and other assets		(24,529)	(8,729)
Cash provided from investing activities - continuing operations		144,481	1,552
Cash used in investing activities - discontinued operations		-	(15,637)
CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES		144,481	(14,085)
FINANCING ACTIVITIES:			
Change in corporate debt		(286,737)	273,928
Acquisitions from non-controlling interest		(88,633)	-
Issuance of Class A subordinate shares, net of issue costs		723	145
Acquisition of Class A subordinate shares, net of costs	20	(22,050)	(379,769)
Net issuance (cancellation) of shares by subsidiaries to non-controlling interest		2,189	(476)
Dividends paid by subsidiaries to non-controlling interest		(10,500)	-
Dividends paid on Preference Shares, series 2		(8,775)	(8,775)
Cash used in financing activities - continuing operations		(413,783)	(114,947)
Cash used in financing activities - discontinued operations		-	(135,273)
CASH USED IN FINANCING ACTIVITIES		(413,783)	(250,220)
NET DECREASE IN CASH DURING THE YEAR		(171,699)	(29,432)
Cash, continuing operations, beginning of year		213,523	131,814
Cash, discontinued operations, beginning of year		-	373,115
		41,824	475,497
Less: cash disposed of on sale of discontinued operations		-	(261,974)
CASH, CONTINUING OPERATIONS, END OF YEAR		**$ 41,824**	**$ 213,523**
Cash flows include the following amounts:			
Interest paid		$ 30,348	$ 31,051
Taxes paid		$ 12,090	$ 36,610

The accompanying notes are an integral part of these consolidated financial statements.

DUNDEE CORPORATION
NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS

For the years ended December 31, 2012 and December 31, 2011
Tabular dollar amounts in thousands of Canadian dollars, except per share amounts

1. NATURE OF OPERATIONS

Dundee Corporation (the "Corporation" or "Dundee Corporation") is a holding company owning subsidiaries engaged in the areas of the Corporation's core competencies including real estate and infrastructure, energy, resources and agriculture. The Corporation also owns and manages direct investments in these core focus areas. Further information regarding the Corporation's reportable business segments is contained in note 35.

The Corporation is incorporated under the Business Corporations Act (Ontario) and is domiciled in Canada. The Corporation's head office is located at Dundee Place, 1 Adelaide Street East, 21st Floor, Toronto, Ontario, Canada, M5C 2V9. The Corporation is listed on the Toronto Stock Exchange ("TSX") under the symbol "DC.A".

At December 31, 2012, the Corporation's major operating subsidiaries included:

	As at and for the year ended December 31, 2012		As at and for the year ended December 31, 2011	
(in alphabetical order)	Opening Ownership	Ending Ownership	Opening Ownership	Ending Ownership
Blue Goose Capital Corp. (note 5)	81%	83%	-	81%
Dundee Energy Limited	57%	57%	54%	57%
Dundee Realty Corporation	70%	70%	70%	70%
Dundee Securities Ltd.* (note 5)	49%	100%	48%	49%
DundeeWealth Inc. (note 30)	-	-	48%	-
Goodman Investment Counsel Inc.	100%	100%	100%	100%

* Held through Dundee Capital Markets Inc.

2. BASIS OF PREPARATION

These consolidated financial statements have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"). These consolidated financial statements were approved by the Board of Directors for issue on March 14, 2013.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies adopted by the Corporation in the preparation of its consolidated financial statements are set out below.

Basis of Measurement
The consolidated financial statements have been prepared under the historical cost convention, except for certain derivative financial instruments, available-for-sale equity and debt securities, certain biological assets and investment properties, each of which are measured at fair value as determined at each reporting date.

Principles of Consolidation

These consolidated financial statements include the accounts of the Corporation and its subsidiaries. All intercompany transactions have been eliminated in these consolidated financial statements.

Subsidiaries are those entities that the Corporation controls by having the power to govern the financial and operating policies of the entity. The existence and effect of potential voting rights that are currently exercisable are considered when assessing whether the Corporation controls another entity. Subsidiaries are fully consolidated from the date on which control is obtained by the Corporation and are subsequently deconsolidated from the consolidated financial statements on the date that control ceases.

Non-controlling Interest

Non-controlling interest represents equity interests in subsidiaries owned by outside parties. The share of net assets, net earnings and other comprehensive income ("OCI") of subsidiaries attributable to non-controlling interest is presented as a component of equity. Changes in the Corporation's interest in subsidiaries that do not result in a loss of control are accounted for as equity transactions.

Segmented Reporting

Operating segments are reported in a manner consistent with internal reporting provided to the chief operating decision-maker. The chief operating decision-maker has been identified as the chief executive officer of the Corporation.

Equity Accounted Investments

Equity accounted investments are investments over which the Corporation has significant influence, but not control. Generally, the Corporation is considered to exert significant influence when it holds more than a 20% interest in an entity. However, determining significant influence is a matter of judgment and specific circumstances and, from time to time, the Corporation may hold an interest of more than 20% in an entity without exerting significant influence. Conversely, the Corporation may hold an interest of less than 20% and exert significant influence through representation on the board of directors, direction of management or through contractual agreements. The financial results of the Corporation's equity accounted investments are included in the Corporation's consolidated financial statements using the equity method, whereby the Corporation recognizes its share of earnings or losses and of OCI of the equity accounted investment in its own earnings or OCI, as applicable. Dilution gains and losses arising from changes in the Corporation's interest in equity accounted investments are recognized in earnings. If the Corporation's investment is reduced to zero, additional losses are not provided for, and a liability is not recognized, unless the Corporation has incurred legal or constructive obligations, or made payments on behalf of the equity accounted investment.

The Corporation assesses, at each reporting date, whether there is objective evidence that its interest in an equity accounted investment is impaired. If impaired, the carrying value of the Corporation's share of the underlying assets of the equity accounted investment is written down to its estimated recoverable amount, with any difference charged to the consolidated statements of operations.

Joint Venture Arrangements

A joint venture arrangement is a contractual arrangement pursuant to which the Corporation and other parties undertake an economic activity that is subject to joint control, whereby the strategic financial and operating policy decisions relating to the activities of the joint venture require the unanimous consent of the parties sharing control. Joint venture arrangements that involve the establishment of a separate entity in which each venturer has an interest are accounted for using the equity method as outlined above. Where the Corporation undertakes its activities under joint operation arrangements through a direct interest in the joint operation's assets, rather than through the establishment of a separate entity, the Corporation's proportionate share of the joint operation's assets, liabilities, revenues, expenses and cash flow are recognized in the consolidated financial statements and classified according to their nature.

Business Combinations

The Corporation uses the acquisition method to account for business combinations. The consideration transferred for the acquisition is measured as the aggregate of the fair values of assets transferred, liabilities incurred or assumed, including contingent consideration, and any equity instruments of the Corporation issued in exchange for control of the acquiree. Fair value is determined at the date of the exchange of the consideration transferred. Acquisition costs are recorded as an expense in net earnings as incurred. The acquiree's identifiable assets, liabilities and contingent liabilities that meet the conditions for recognition under IFRS 3, *"Business Combinations"* are recognized at their fair values at the acquisition date.

Contingent consideration to be transferred by the Corporation, if any, is recognized at fair value at the date of acquisition. Subsequent changes to the fair value of contingent consideration that is deemed an asset or liability are recognized in net earnings or as changes to OCI, as appropriate. Contingent consideration that is classified as equity is not remeasured, and its subsequent settlement is recorded in equity.

The interest of non-controlling shareholders in the acquiree is initially measured at the non-controlling shareholders' share of the net assets of the acquiree. To the extent that the fair value of consideration paid exceeds the fair value of the net identifiable tangible and intangible assets acquired, the excess is recorded as goodwill. If the consideration transferred is less than the fair value of net identifiable tangible and intangible assets, the excess is recognized in net earnings.

Where a business combination is achieved in stages, previously held interests in the acquired entity are remeasured to fair value at the acquisition date, which is the date control is obtained, and the resulting gain or loss, if any, is recognized in net earnings. Amounts arising from interests in the acquiree prior to the date of acquisition of control that have previously been recognized in OCI are reclassified to net earnings. Changes in the Corporation's ownership interest of a subsidiary that do not result in a loss of control are accounted for as equity transactions and are recorded as a component of equity.

Foreign Currency Translation

Functional and Presentation Currency

These consolidated financial statements are presented in Canadian dollars, which is the Corporation's functional currency.

Functional Currency of Subsidiaries and Equity Accounted Investments

The financial statements of consolidated subsidiaries and equity accounted investments that have a functional currency that is different from that of the Corporation are translated into Canadian dollars using average rates for the period for items included in the consolidated statements of operations and OCI and the rates in effect at the dates of the consolidated statements of financial position for assets and liabilities. All resulting changes are recognized in OCI as cumulative translation adjustments. At December 31, 2012, the functional currencies of certain of the Corporation's subsidiaries and equity accounted investments included the Euro and the U.S. dollar.

If the Corporation's interest in foreign operations of a subsidiary or an equity accounted investment is diluted, but the foreign operations remain a subsidiary or an equity accounted investment, a pro rata portion of the cumulative translation adjustment related to those foreign operations is reallocated between controlling and non-controlling interest in the case of a subsidiary, or is recognized as a dilution gain or loss in the case of an equity accounted investment. When the Corporation disposes of its entire interest in foreign operations, or when it loses control, joint control, or significant influence, the cumulative translation adjustment included in accumulated other comprehensive income ("AOCI") related to the foreign operations is recognized in the consolidated statements of operations on a pro rata basis.

Foreign Currency Transactions

Foreign currency transactions are translated into the functional currency using exchange rates prevailing at the dates of the transactions. Generally, foreign exchange gains and losses resulting from the settlement of foreign currency transactions and from the translation of monetary assets and liabilities denominated in currencies other than an entity's functional currency at each period-end date, are recognized in the consolidated statements of operations, except when deferred in OCI as qualifying cash flow hedges and qualifying net investment hedges.

Financial Instruments

The Corporation's financial instruments include cash, accounts receivable, client accounts receivable and client deposits and related liabilities, brokerage securities owned and securities sold short, investments, derivative financial instruments, accounts payable and accrued liabilities, corporate debt and the Corporation's Preference Shares, series 1 (note 19), which have been classified for accounting purposes as debt.

Financial assets and liabilities are recognized when the Corporation becomes a party to the contractual provisions of the instrument. Financial assets are no longer recognized when the rights to receive cash flows from the assets have expired or are assigned and the Corporation has transferred substantially all risks and rewards of ownership in respect of an asset to a third party. Financial liabilities are no longer recognized when the related obligation is discharged, cancelled or expires.

Classification of financial instruments in the Corporation's consolidated financial statements depends on the purpose for which the financial instruments were acquired or incurred. Management determines the classification of financial instruments at initial recognition.

Financial Assets and Liabilities at Fair Value through Profit or Loss

A financial asset or liability is classified in this category if acquired principally for the purpose of selling or repurchasing in the short-term. Derivative financial instruments are also included in this category, unless they are designated as hedges. Transaction costs related to these financial instruments are expensed in the consolidated statements of operations.

Financial instruments designated at fair value through profit or loss include brokerage securities owned and securities sold short. Securities sold short represent an obligation to deliver securities sold, but not yet purchased. In addition, the Corporation's brokerage subsidiary may enter into foreign exchange contracts to manage currency risk on pending securities settlements in currencies other than the Canadian dollar. These exchange contracts have not been designated as hedges for accounting purposes and have also been classified as financial instruments at fair value through profit or loss. The carrying values of foreign exchange contracts have been included in *"Client accounts receivable"* when they have a positive fair value or in *"Client deposits and related liabilities"* when they have a negative fair value. Changes in fair values of these financial instruments, including changes in the fair value of foreign exchange contracts, are recognized in the Corporation's consolidated statements of operations as "*Revenues*" as these financial instruments are integral to the underlying operations of the Corporation's brokerage subsidiary.

The Corporation's resource-based subsidiaries may manage their exposure to changes in commodity prices and associated earnings volatility by periodically entering into commodity-based derivative risk management contracts in accordance with their risk management policy. The Corporation has not applied hedge accounting to these arrangements. Therefore, risk management contracts are carried at fair value and are reported as derivative financial assets in circumstances when they have a positive fair value and derivative financial liabilities when they have a negative fair value. Changes in fair values of risk management contracts are recorded in the consolidated statements of operations as a *"Gain or loss on derivative financial instruments"*.

The terms of the Corporation's Preference Shares, series 1 provide the Corporation with an option to convert the Preference Shares, series 1 to Subordinate Shares (note 19) of the Corporation at any time, subject to regulatory approval. The redemption option is an embedded derivative financial instrument and is separately measured at fair value in the consolidated financial statements. The redemption option is reported as a derivative financial asset in the Corporation's consolidated statements of financial position, with changes in fair value reported as a *"Gain or loss on derivative financial instruments"*.

Available-for-Sale Securities

Available-for-sale ("AFS") securities are non-derivative financial instruments that are either specifically designated as available-for-sale, or which have not been classified in any other financial instrument category. AFS securities are initially recognized at the cost of acquisition, including directly attributable transaction costs, and are subsequently carried at their fair value. Equity and debt securities included in the Corporation's portfolio of investments have been included in this category. Changes in the fair values of AFS securities are reported in OCI until the financial asset is sold or becomes impaired, at which time the accumulated gain or loss is removed from AOCI and recognized in net earnings as a *"Realized gain or loss from investment"*. The Corporation's investment portfolio may, from time to time, include equity securities, including certain equity investments in private entities, where fair value cannot be reliably measured. These equity securities are carried at cost.

Loans and Receivables

Loans and receivables are non-derivative financial assets with fixed or determinable payments that are not quoted in an active market. The Corporation's loans and receivables include cash, accounts receivable, client accounts receivable and debt securities included in the Corporation's portfolio of investments. Financial instruments designated as loans and receivables are initially recognized at the amount expected to be received less, when material, a discount to reduce the loans and receivables to fair value. Subsequently, loans and receivables are measured at amortized cost using the effective interest method, less a provision for impairment.

Financial Liabilities at Amortized Cost

Financial liabilities at amortized cost include accounts payable and accrued liabilities, client deposits and related liabilities, corporate debt and the Corporation's Preference Shares, series 1. These amounts are initially measured at the amount required to be paid, less, when material, a discount to reduce the liabilities to fair value, except for the Corporation's Preference Shares, series 1, which were recognized initially at fair value, net of any transaction costs incurred. Subsequently, these financial liabilities are measured at amortized cost using the effective interest method.

Impairment of Financial Assets

At each reporting date, the Corporation assesses whether there is objective evidence that financial assets, other than a financial asset classified at fair value through profit or loss, are impaired. Objective evidence may include a significant or prolonged decline in the trading value of an equity security below its cost, significant financial difficulty of the obligor or delinquencies in interest and principal payments. If such evidence exists, the Corporation recognizes an impairment loss equal to the difference between the carrying value of the financial asset and the present value of the estimated future cash flows, discounted using the instrument's original effective interest rate for financial assets carried at amortized cost, and the difference between the original cost of the asset and the fair value at the measurement date, less any previously recognized impairment loss for financial assets designated as AFS securities.

An impairment of a financial asset carried at amortized cost is reversed in subsequent periods if the amount of the loss decreased and the decrease can be related objectively to an event occurring after the impairment was recognized. Impairment losses on AFS equity securities are not reversed.

Client Accounts

Client accounts include both clients' trading accounts and trading accounts of brokers and dealers. The Corporation's brokerage subsidiaries include a full service securities dealer and member of the Investment Industry Regulatory Organization of Canada ("IIROC"). In accordance with brokerage industry practice, client transactions are entered into on either a cash or a margin basis and are recorded on a trade-date basis. Amounts receivable from or payable to clients in respect of transactions conducted on a cash basis are due on the settlement date of the transaction. If transactions are conducted on a margin basis, credit is extended to the client to purchase securities. Securities purchased and other securities in the client's account are held as collateral for the amounts loaned under margin arrangements. Amounts loaned to any client are limited by margin requirements as set out by IIROC and are subject to credit review and monitoring procedures as established by the Corporation's brokerage subsidiary. Interest charged to clients on margin loans and interest paid to clients for client deposits are based on a floating rate of interest.

Allowance for Credit Losses

Amounts due from clients are carried at the contractual amount receivable, net of any allowance for credit losses. The Corporation's brokerage subsidiary maintains an allowance for credit losses which is considered adequate to absorb all credit-related losses. Specific allowances for credit losses are established as a result of detailed reviews of individual collateral positions securing client accounts receivable. Should the value of the underlying collateral decline by an amount significant enough that it becomes insufficient to repay the margin loan in full, and the client is unable or unwilling to deposit additional collateral, a specific allowance is recorded in the amount equivalent to these unsecured balances. The recording of a specific allowance for credit losses does not limit recourse to collection from the client. At December 31, 2012, the Corporation's brokerage subsidiary had not recorded any allowance for credit losses.

Real Estate Assets

Inventory

Housing and condominium assets, commercial development properties, and land under and held for development are acquired or constructed for sale in the ordinary course of business and are held as inventory and measured at the lower of cost and net realizable value.

Capitalized costs include all expenditures incurred in connection with the acquisition of property, direct development and construction costs, certain borrowing costs and property taxes. Net realizable value is the estimated selling price in the ordinary course of business, based on prevailing market prices at the dates of the consolidated statements of financial position and discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs.

Investment Properties

Investment properties include properties held to earn rentals, or capital appreciation, or both. Investment properties are measured initially at cost, which includes all expenditures incurred in connection with the acquisition of property, direct development and construction costs, initial leasing costs, borrowing costs and property taxes. Subsequent to initial recognition, investment properties are measured at their fair value at each reporting date. Gains or losses arising from changes in fair value are recorded in net earnings in the period in which they arise.

Fair value of investment properties is estimated internally by the Corporation at the end of each reporting date. In addition to these internal property valuations, the Corporation will review the fair value of material investment properties using an independent third-party appraiser on a rolling basis over a period of three years or less, as determined by management. The internal property valuations prepared by the Corporation are based primarily on a Discounted Cash Flow ("DCF") model, which estimates fair value based on the present value of the properties' estimated future cash flow.

Estimated fair values are determined on a property-by-property basis. The DCF model is based on an investment horizon of 10 years, within which the relevant real estate cash flow components are forecasted. After the detailed planning period of 10 years, a net present value is calculated for the remaining useful life based on the estimated cash flow in the final year of the detailed planning period. Where relevant, the DCF model uses market-oriented figures including appropriate discount rates, market rental growth rates, vacancy rates and inflation rates.

Income-Producing Properties

Income-producing properties are owner-occupied properties used in the production or supply of goods or services and include infrastructure assets, and recreational properties. Income-producing properties are stated at cost less accumulated depreciation and accumulated impairment losses, if any. Costs of income-producing properties include all expenditures incurred in connection with the acquisition of the property, direct development and construction costs, borrowing costs and property taxes. The Corporation uses the straight-line method of depreciation for income-producing properties including major expansions and renovations. The estimated useful lives of income-producing properties are between five and 50 years.

Real Estate Borrowing Costs

Real estate borrowing costs include interest and other costs incurred in connection with the borrowing of funds for real estate operations. Borrowing costs directly attributable to the acquisition, development or construction of qualifying real estate assets that necessarily take a substantial period of time to prepare for their intended use or sale are capitalized as part of the cost of the respective real estate asset. For real estate construction and development projects, the Corporation considers a substantial period of time to be a period longer than one year to complete. All other borrowing costs are expensed in the period in which they occur. Borrowing costs that are directly attributable to investment properties under development or to the development of condominiums and construction of commercial development properties are capitalized. Borrowing costs related to land or housing development are recognized in net earnings as incurred. Where borrowing costs are specific to a qualifying asset, the amount is directly capitalized to that asset. Otherwise, borrowing costs are aggregated and pro-rated to other qualifying assets using the weighted average cost of borrowing of the related assets. Borrowing costs are capitalized during periods of active development and construction, starting from the commencement of the development work until the date all the activities necessary to prepare the real estate asset for its intended use or sale are complete. Thereafter, borrowing costs are charged to net earnings.

Resource Properties

A portion of the Corporation's exploration, evaluation, development and production activities is conducted pursuant to working interest arrangements with third parties. Accordingly, these consolidated financial statements reflect only the Corporation's share of revenue, expenses and capital expenditures associated with these activities.

Oil and Gas Development Costs

The Corporation capitalizes all costs associated with its development and production expenditures, including accrued costs for decommissioning liabilities. Capitalized costs include the acquisition of leases and oil and gas rights, geological and geophysical expenditures, equipment costs and that portion of general and administrative expenses directly attributable to these activities. Expenditures that improve the productive capacity or extend the life of a property are capitalized. Maintenance and repairs are generally expensed as incurred.

Capitalized costs associated with properties with proved reserves, adjusted for estimated future costs to be incurred in developing such proved reserves, are depleted over estimated proved reserves using the unit of production method. For purposes of these calculations, production and reserves of natural gas are converted to barrels on an energy equivalent basis at a ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of oil. Depletion rates are updated annually unless there is a material change in circumstances, in which case they are updated more frequently. Acquisition costs of probable reserves are not depleted or depreciated while under active evaluation for commercial reserves. Costs are transferred to depletable costs as proved reserves are recognized.

Assets used in the development and production of oil and gas properties are depreciated over the estimated economic life of the asset. The Corporation's pipeline infrastructure is depreciated using the unit of production method. Other tangible resource assets are depreciated on a straight-line or declining-balance basis.

Exploration and Evaluation Properties

The Corporation capitalizes all costs associated with exploration and evaluation properties, except for costs incurred before the Corporation has obtained the legal right to explore an area, in which case costs are expensed as incurred. Exploration and evaluation activities include those expenditures for an area or project for which technical feasibility and commercial viability have not yet been determined and may include lease acquisitions, geological and geophysical expenditures, carrying costs of non-productive properties, equipment costs, that portion of general and administrative expenses directly attributable to exploration and evaluation activities and costs associated with decommissioning liabilities. When technical feasibility and commercial viability of a project are demonstrable, the costs are reclassified as development costs, with assigned reserves. Proceeds received by the Corporation for the disposal of properties or pursuant to the terms of farmout arrangements are normally deducted from the carrying value of exploration and evaluation properties.

Livestock

Livestock is recorded at fair value less estimated point-of-sale costs. Point-of-sale costs include necessary costs to dispose of livestock, including costs incurred to bring the livestock to market. Changes in the fair value of livestock are recognized in net earnings.

Grazing Leases

Grazing and watering licensing and leasing arrangements provide the Corporation with the right to use crown land to feed, pasture, and water livestock for a fee. The Corporation's grazing arrangements range from 10 to 20 year terms and have been issued under the jurisdiction of the British Columbia government. Grazing arrangements are renewed at the end of each term if the licenses are kept in good standing and continue to be used for agricultural farming. Grazing arrangements have been included in capital and other assets as intangible assets. The costs associated with short-term grazing arrangements are deferred and amortized to net earnings over the term of the license, or are otherwise charged to net earnings as incurred.

Capital and Other Assets

Capital assets are recorded at cost, net of accumulated depreciation and impairment, if any, and are depreciated on a straight-line or declining-balance basis. Annual depreciation rates estimated by the Corporation range from 10% to 40%. Leasehold improvements are depreciated on a straight-line basis over the period of the lease. The Corporation reviews the depreciation methods, residual values and estimates of the useful life of each of its capital and other assets at least annually. On sale or retirement, the capital asset and its related accumulated depreciation are removed from the consolidated financial statements and any related gain or loss is reflected in net earnings.

Other assets consist of deferred non-equity based compensation arrangements, which are amortized to compensation expense over the expected service period, deposits made to regulatory authorities including contingency trust funds, deferred trademark costs and intellectual property acquired in business combinations that are depreciated on a straight-line basis over various terms ranging from five to 15 years.

Impairment of Non-Financial Assets

Non-financial assets are assessed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. An impairment loss, if any, is recognized for the amount by which the asset's carrying value exceeds its recoverable amount. The recoverable amount of an asset is the greater of an asset's fair value less costs to sell and its value in use. For the purpose of assessing impairment, assets are grouped at the lowest levels for which there are separately identifiable cash inflows ("cash generating units" or "CGUs"). If their carrying value is assessed not to be recoverable, an impairment loss is recognized.

An assessment is made, at each reporting date, as to whether there is any indication that previously recognized impairment losses may no longer exist or may have decreased. If such indication exists, the Corporation makes an estimate of the recoverable amount and, if appropriate, reverses all or part of the impairment. If the impairment is reversed, the carrying amount of the asset is increased to the newly estimated recoverable amount. This increased carrying amount may not exceed the carrying amount that would have resulted after taking into account depreciation if no impairment loss had been recognized in the prior periods. The amount of any impairment reversal is recorded immediately in net earnings for the period.

Decommissioning Liabilities

A decommissioning liability is recognized when the Corporation has a legal or constructive obligation as a result of past events, it is probable that an outflow of resources will be required to settle the obligation, and when a reliable estimate of the liability can be made. Decommissioning liabilities relate to obligations to plug a well, dismantle and remove property, plant and equipment, or complete site restoration work. The Corporation has estimated its decommissioning liability in consultation with third parties and such estimates are based on current costs and technology. When a decommissioning liability is recognized, a corresponding amount, equivalent to the amount of the obligation, is recognized as part of the cost of *"Resource properties"*.

Decommissioning liabilities are measured at the present value of the expected expenditures required to settle the obligation using a pre-tax rate that reflects current market assessments of the time value of money and the risks specific to the obligation. A decommissioning liability that is denominated in a foreign currency is translated at the prevailing foreign exchange rate at each period end. The effect of any changes to the decommissioning liability, including changes to the underlying estimates and changes in both foreign exchange rates and market interest rates used to discount the obligation, is added to or deducted from the cost of the related assets. Accretion, representing the increase in the decommissioning liability due to the passage of time, is recognized as "*Interest expense*".

Preference Shares

The Corporation classifies its Preference Shares, series 1 as financial liabilities for reporting purposes given that these shares may be convertible into a variable number of the Corporation's Subordinate Shares, or may be redeemed at or after a particular date for a fixed or determinable amount.

Issue costs related to the issuance of the Corporation's Preference Shares, series 1 are netted against the associated liability and recorded at amortized cost using the effective interest method. The amortization of issue costs is recorded as *"Interest expense"* in the consolidated statements of operations.

The Corporation's Preference Shares, series 2 (note 19) are rate reset preferred shares and are therefore not subject to provisions for settlement using a variable number of equity instruments of the Corporation, or provisions for mandatory redemption requirements. Accordingly, the Corporation classifies its Preference Shares, series 2 as equity instruments.

Revenue Recognition

Revenue is comprised of management fees earned from asset management activities, financial services revenue, revenues from real estate and oil and gas operations, sales of agricultural products and interest and dividend income. Generally, revenue is recognized and measured at the fair value of the consideration received or receivable to the extent that it is probable that the economic benefits will flow to the Corporation and the amount of revenue can be reliably estimated.

Management Fees

Asset management fees are generally calculated as a percentage of the capital under management. These fees are recognized on an accrual basis over the period during which the related service is rendered. Performance or incentive fees are earned when the investment performance of the capital being managed exceeds established benchmarks. Performance or incentive fees are not recognized in earnings until the amount is established with certainty and is no longer dependent on future events. Also included in asset management revenue are capital expenditure fees determined based on incurred construction costs, acquisition fees related to the purchase of real estate property and financing fees earned for the facilitation of financing transactions.

Financial Services

Financial services revenue includes investment banking, principal trading and commission revenue. Financial services revenue also includes margin interest earned on client margin accounts and administration fee revenue associated with the administration of registered plan accounts.

Fees earned from underwriting activities, mergers and acquisitions and other corporate finance advisory assignments are included as investment banking revenue and are recognized when the underlying transaction has been completed or is substantially completed under the terms of the engagement. Expenses incurred by the Corporation pursuant to securities offerings where the Corporation is an underwriter or agent, are deferred until the related revenue is recognized.

Principal trading revenue includes revenue earned from principal trading operations and is recorded on a trade-date basis. Principal trading revenue includes interest, dividends and changes in fair values of securities held, and also includes foreign exchange trading revenue earned for the provision of foreign exchange services to institutional and retail clients. Foreign exchange trading revenue is recognized on a trade-date basis.

Commission revenue is generated primarily from acting as agent for trading securities on behalf of clients and is recorded on a trade-date basis. Margin interest and administration fee revenue are recognized on an accrual basis over the associated service period.

Real Estate

Revenue from the sale of real estate assets is generally recognized when the earnings process is virtually complete, the significant risks and rewards of ownership are transferred to the buyer and the Corporation does not have a substantial continuing involvement with the asset to the degree usually associated with ownership. Revenue is recognized when the related agreement of purchase and sale is unconditional, at least 15% of the sale proceeds have been received, the costs in respect of the asset can be measured reliably and the collectability of the remaining proceeds is reasonably assured.

Revenue from investment properties includes base rents and recoveries of operating expenses including property taxes, percentage participation rents, lease cancellation fees, parking income and other incidental income. The Corporation uses the straight-line method of rental revenue recognition on investment properties whereby any contractual rent increases over the term of a lease are recognized in earnings evenly over the lease term.

Amounts received for the sale of annual season passes to income-producing properties are deferred and amortized on a straight-line basis over the term of the season.

Oil and Gas

Revenue associated with the Corporation’s production and sale of crude oil, natural gas, and natural gas liquids is recognized when title is transferred to the customer and delivery has taken place. A portion of the Corporation’s production and sales activities is conducted pursuant to working interest arrangements with third parties. Accordingly, these consolidated financial statements reflect only the proportionate interest of the Corporation in such activities.

Revenue from oil and gas sales is presented net of royalty payments to third parties including the government and other mineral interest owners. Royalties on production are recorded using rates in effect under the terms of contracts with such third parties at the time of production.

Sales of Agricultural Products
Processed meat sales are recognized when there has been a transfer of risks and rewards to the customer, generally through the execution of a sales agreement at the time of delivery of the goods to the customer, no further work or processing is required, the quantity and quality of the goods have been determined, the price is fixed and title has passed.

Interest and Dividend Revenue
Interest and dividends earned from the Corporation's portfolio of investments are recognized in the Corporation's consolidated statements of operations when the Corporation's right to receive payment is established and collectability is reasonably assured.

Cost of Sales

Real Estate
Land held for development is transferred to land under development when a subdivision or phase commences. The cost of sales of land under development is allocated to each lot based on the projected total estimated cost to develop the entire subdivision, pro-rated based on street frontage for each lot. The cost of sales of housing is based on the total specific costs incurred up to the date of occupancy, plus a provision for costs to complete. The cost of sales of condominiums is allocated to each unit based on the projected total estimated cost to develop the condominium, pro-rated based on the sales value of the units. The cost of sales of commercial development property includes all expenditures incurred in connection with the acquisition of the property, subsequent direct development and construction costs, borrowing costs, insurance and property taxes.

Financial Services
Certain capital markets professionals and financial advisors are compensated by variable compensation payments which may be calculated as a percentage of revenues generated or departmental profitability.

Oil and Gas
Cost of sales include costs incurred to operate and maintain wells and related equipment and facilities and include items such as labour, repairs and maintenance, materials including fuel utilized in operating the wells and related equipment and facilities, property taxes and insurance costs.

Agriculture
Cost of sales include the value of livestock at the time of harvest, and processing costs. Cost of sales exclude transport and other costs necessary to bring assets to a market. Rather, these costs are deducted in determining fair value of livestock.

Realized Gains and Losses from Investments
Realized gains and losses from sales of investments designated as AFS securities are calculated using the average cost method.

Provisions
The Corporation may record a provision when it has determined that it has a present obligation, whether legal or constructive, and where it is probable that an outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. When an obligation is not probable but is reasonably possible, or is probable but the amount of loss cannot be reliably estimated, disclosure is provided in the notes to the consolidated financial statements, without a provision being recorded in the consolidated financial statements.

Stock Based Compensation

The Corporation issues stock based compensation awards to directors, employees and consultants. These arrangements include stock options and other stock based awards such as deferred share units. The Corporation uses a fair value based method to account for stock based compensation. The fair value of stock based compensation, as at the date of grant, is measured using an option-pricing model and is recognized over the applicable vesting period as compensation expense, based on the number of stock based awards expected to vest, with a corresponding increase in contributed surplus. When stock options or other stock based compensation arrangements are exercised, the proceeds received, together with any amount in contributed surplus, are included in share capital. The number of stock based awards expected to vest is reviewed at least annually, with any impact being recognized immediately in net earnings, with a corresponding adjustment to contributed surplus.

Income Taxes

The Corporation follows the balance sheet liability method to provide for income taxes on all transactions recorded in its consolidated financial statements. The balance sheet liability method requires that income taxes reflect the expected future tax consequences of temporary differences between the carrying amounts of assets and liabilities and their tax bases. Deferred income tax assets and liabilities are determined for each temporary difference and for unused tax losses and unused tax credits, as applicable, at rates expected to be in effect when the asset is realized or the liability is settled.

The effect on deferred income tax assets and liabilities of a change in tax rates is recognized in earnings in the period that includes the substantive enactment date. Deferred tax assets are recognized to the extent that it is probable that the assets can be recovered.

Per Share Information

Basic earnings per common share is computed by dividing the net earnings attributable to common shareholders by the weighted average number of common shares outstanding during the year. Diluted earnings per common share, where applicable, is calculated by adjusting the weighted average number of common shares outstanding for dilutive instruments by applying the treasury stock method. The Corporation's potentially dilutive common shares are comprised of stock options and deferred share units (note 25) granted to employees.

Assets Under Management

Assets under management ("AUM") represent the period-end market value of client assets which the Corporation manages on a discretionary basis and in respect of which the Corporation earns asset management fees and, in certain cases, performance and incentive fees. AUM are not reflected in the Corporation's consolidated statements of financial position.

Assets Under Administration

Assets under administration ("AUA") represent the period-end market value of client assets for which the Corporation provides services of an administrative nature, and in respect of which the Corporation earns commissions or fees. AUA are not reflected in the Corporation's consolidated statements of financial position, except for cash amounts included in client accounts receivable or client deposits and related liabilities.

Accounting Standards, Interpretations and Amendments to Existing Standards not yet Effective

IFRS 9, "Financial Instruments" ("IFRS 9")

In November 2009, the IASB issued IFRS 9, *"Financial Instruments"*, replacing IAS 39, *"Financial Instruments: Recognition and Measurement"* ("IAS 39"). IFRS 9 will be issued in three phases. The first phase, which has already been issued, addresses the accounting for financial assets and financial liabilities. The second phase will address impairment of financial instruments, while the third phase will address hedge accounting.

IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value, and replaces the multiple category and measurement models in IAS 39. The approach in IFRS 9 focuses on how an entity manages its financial instruments in the context of its business model, as well as the contractual cash flow characteristics of the financial assets. The new standard also requires a single impairment method to be used, replacing the multiple impairment methods currently provided in IAS 39.

Requirements for financial liabilities were added to IFRS 9 in October 2010. Although the classification criteria for financial liabilities will not change under IFRS 9, the fair value option may require different accounting for changes to the fair value of a financial liability resulting from changes to an entity's own credit risk.

In December 2011, the IASB issued amendments to IFRS 9, extending the mandatory effective date for implementation of IFRS 9, which is now effective for annual periods beginning on or after January 1, 2015, although early adoption is permitted, with varying transitional arrangements dependent on the date of initial application.

IFRS 10, "Consolidated Financial Statements" ("IFRS 10")
IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "*Consolidation—Special Purpose Entities*" and parts of IAS 27, "*Consolidated and Separate Financial Statements*" ("IAS 27"). This standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 11, "Joint Arrangements" ("IFRS 11")
IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas, for a joint operation, the venturer will recognize its share of the assets, liabilities, revenues and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, "*Interests in Joint Ventures*", and SIC-13, "*Jointly Controlled Entities—Non-monetary Contributions by Venturers*". This standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 12, "Disclosure of Interests in Other Entities" ("IFRS 12")
IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, equity accounted investments, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity's interests in other entities. This standard is effective for annual periods beginning on or after January 1, 2013.

IFRS 13, "Fair Value Measurement" ("IFRS 13")
IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. This standard is effective for annual periods beginning on or after January 1, 2013.

Amendments to Other Standards
In addition to the issuance of new standards as detailed above, there have also been amendments to existing standards, including IAS 1, "*Presentation of Financial Statements*" ("IAS 1"), IAS 16, *"Property, Plant and Equipment"* ("IAS 16"), IAS 19, *"Employee Benefits"* ("IAS 19"), IAS 27, *"Consolidated and Separate Financial Statements"* ("IAS 27"), IAS 28, *"Investments in Associates and Joint Ventures"* ("IAS 28"), IFRS 7, *"Financial Instruments: Disclosures"* ("IFRS 7"), IAS 32 *"Financial Instruments: Presentation"* ("IAS 32") and IAS 34, *"Interim Financial Reporting"* ("IAS 34").

The amendments to IAS 1 will require that entities group items presented in OCI based on an assessment of whether such items may or may not be reclassified to earnings at a subsequent date. Amendments to IAS 1 are applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted. In May 2012, IAS 1 was further amended to require the presentation of an additional, opening statement of financial position when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification and to clarify the disclosure requirements such that certain comparative information is only required if it has a material effect upon the information that is presented in the statement of financial position. This additional amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 16 was amended in May 2012 to provide further clarity on accounting for spare parts and servicing equipment. Before the amendment, IFRS required the classification of spare parts and servicing equipment as inventory. The amendment clarifies that these items should be classified as property, plant and equipment if they meet the definition pursuant to IAS 16. Amendments to IAS 16 are effective for annual periods beginning on or after January 1, 2013.

Amendments to IAS 19 eliminate an entity's option to defer the recognition of certain gains and losses related to post-employment benefits and require remeasurement of associated assets and liabilities in OCI. Amendments to IAS 19 are applicable on a modified retrospective basis to annual periods beginning on or after January 1, 2013.

The amended IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 through 13 as outlined above. Amendments to IAS 27 and IAS 28 are applicable to annual periods beginning on or after January 1, 2013.

Amendments to IFRS 7 require the disclosure of information that will enable users of an entity's financial statements to evaluate the effect, or potential effect, of offsetting financial assets and financial liabilities, to the entity's financial position. Amendments to IFRS 7 are applicable to annual periods beginning on or after January 1, 2013, with retrospective application required.

The amendments to IAS 32 clarify the criteria that should be considered in determining whether an entity has a legally enforceable right of set off in respect of its financial instruments. Amendments to IAS 32 are applicable to annual periods beginning on or after January 1, 2014, with retrospective application required. Early adoption is permitted. In May 2012, IAS 32 was further amended to clarify the treatment of income taxes relating to distributions and transaction costs. This additional amendment is effective for annual periods beginning on or after January 1, 2013.

IAS 34 was amended in May 2012 to align the disclosure requirements for segmented assets and segmented liabilities in interim financial reports with those of IFRS 8, "*Operating Segments*". Under the amendment, IAS 34 requires a measure of total assets and liabilities for an operating segment in interim financial statements if such information is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements. This additional amendment is effective for annual periods beginning on or after January 1, 2013.

The Corporation will start the application of these amendments effective January 1, 2013 and is currently evaluating their impact on the consolidated financial statements.

4. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these consolidated financial statements in accordance with IFRS requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates, and assumptions affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities included in the Corporation's consolidated financial statements. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. The following discusses the most significant accounting judgments, estimates and assumptions that the Corporation has made in the preparation of its consolidated financial statements.

Subsidiaries, Equity Accounted Investments and Joint Arrangements

The Corporation holds direct investments in various industry sectors, and its ownership interest in these investments is established through diverse structures. Significant judgment is applied in assessing whether the investment structure results in control, joint control or significant influence over the operations of the investment, or whether the Corporation's investment is passive in nature. The assessment of whether the Corporation exerts control, joint control or significant influence over an investment will determine the accounting treatment for the investment.

Business Combinations versus Asset Acquisitions

The Corporation uses significant judgment to conclude whether an acquired set of activities and assets are a business, and such judgment can lead to significantly different accounting results. The acquisition of a business is accounted for as a business combination. If an acquired set of activities and assets does not meet the definition of a business, the transaction is accounted for as an asset acquisition. There are many differences in accounting for a business combination versus an asset acquisition including the recognition of goodwill and deferred tax amounts, the initial measurement of assets and accounting for transaction costs. These differences not only affect the accounting as at the acquisition date, but will also affect future depreciation, depletion and possible impairment analysis. Accordingly, the conclusion as to whether a business has been acquired can have a significant effect on the Corporation's reported financial position and results of operations.

Management uses the acquisition method of accounting for an acquired set of activities and assets that have been determined to be a business. Significant judgment is required in applying the acquisition method of accounting for business combinations and specifically, in identifying and determining the fair value of assets and liabilities acquired, including intangible assets and residual goodwill, if any.

Fair Value of Financial Instruments

Certain financial instruments are recorded in the Corporation's consolidated statements of financial position at values that are representative of, or approximate fair value. The fair value of a financial instrument that is traded in active markets at each reporting date is determined by reference to its quoted market price or dealer price quotations. Investments in equity instruments for which fair value cannot be reliably measured are carried at cost.

For all other financial instruments carried at fair value, the fair value is determined using valuation techniques. Such techniques may reflect recent arm's length transactions in equity trading of the underlying financial instrument, or reference to the current fair value of another instrument that has substantially the same terms and discounted cash flow analysis. By their nature, these valuation models require the use of assumptions. Changes in the underlying assumptions of these models could materially impact the determination of the fair value of a financial instrument. Imprecision in determining fair value using these valuation techniques may affect the amount of net earnings recorded for a particular investment in a particular period. The Corporation believes that its estimates of fair value are reasonable and appropriate. The Corporation reviews assumptions relating to financial instruments on an ongoing basis to ensure that the basis for the determination of fair value is appropriate.

Impairment of Financial Assets

The Corporation assesses, at each reporting date, whether there is any objective evidence that a financial asset is impaired. A financial asset is deemed to be impaired if there is objective evidence of impairment as a result of one or more events that have occurred after the initial recognition of the asset and the loss has an impact on the estimated cash flows of the financial asset that can be reliably estimated. Objective evidence that financial assets are impaired may include default or delinquency by a debtor, restructuring of an amount due to the Corporation on terms that the Corporation would not consider otherwise, indications that a debtor or issuer will enter bankruptcy, or the disappearance of an active market for a security. In addition, for an investment in an equity security, a significant or prolonged decline in its fair value below its cost is objective evidence of impairment. The assessment of impairment of financial assets requires significant judgment, where management evaluates, among other factors, the duration and extent to which the fair value of an investment is less than its cost, and the financial health of, and short-term business outlook for the investee.

The Corporation also reviews the carrying value of its equity accounted investments for impairment. The determination of whether impairment exists is a matter of judgment and management applies much of the same criteria that it applies to the determination of impairment in other financial assets. Impairment is assessed based on current information at the dates of the consolidated statements of financial position. However, different assumptions could result in significant changes to the carrying values of equity accounted investments.

Real Estate Assets

Included in real estate assets are investment properties carried at fair value. The Corporation uses a DCF model to determine fair value of investment properties. The DCF model uses market-oriented figures, where appropriate. However, the DCF model also incorporates several estimates, including the receipt of contractual rents, expected future market rentals, renewal rates, maintenance requirements, discount rates that reflect current market uncertainties, capitalization rates and current and recent investment property prices. The future cash flows, capitalization rates and the discount rate have the strongest influence on the estimated fair value of investment property. Significant changes in these estimates could have a material impact on the fair value of investment properties and on net earnings. The Corporation's real estate subsidiary has established a process that provides for third party, independent valuation of its investment properties on a rotational basis.

Land under development and held for development, housing, condominiums and commercial development properties are stated at the lower of cost and net realizable value. In calculating net realizable value, management must estimate the selling price of the assets based on prevailing market prices at the dates of the consolidated statements of financial position, discounted for the time value of money, if material, less estimated costs of completion and estimated selling costs. If estimates are significantly different from actual results, the carrying value of land under development and held for development, housing, condominiums and commercial development properties may be overstated or understated on the consolidated statements of financial position and accordingly, net earnings in a particular period may be overstated or understated.

Income-producing properties are tested for impairment whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. Management uses judgment in performing this impairment test. Imprecision in any of the assumptions and estimates used could affect the valuation of income-producing properties and the assessment of impairment.

Oil and Natural Gas Reserves

The Corporation's reserves of oil, natural gas and natural gas liquids are estimated by management and are evaluated and reported on by independent petroleum engineering consultants in accordance with Canadian Securities Administrators' National Instrument 51-101. The process of estimating reserves requires significant judgment in evaluating and assessing available geological, geophysical, engineering, economic data, projected rates of production, estimated commodity price forecasts and the timing of future expenditures, all of which are, by their very nature, subject to interpretation and uncertainty. The evaluation of recoverable reserves is an ongoing process impacted by current production, continuing development activities and changing economic conditions. The aggregate of capitalized costs, net of certain costs related to unproved properties, and estimated future development costs are depleted using the unit of production method based on estimated proved reserves. Changes in estimates of reserves may materially impact the carrying value of the Corporation's resource properties, the recorded amount of depletion and depreciation, the determination of the Corporation's obligations pursuant to decommissioning liabilities and the assessment of impairment provisions.

Recoverability of the Carrying Value of Exploration and Evaluation Properties

The Corporation is required to review the carrying value of its exploration and evaluation properties for potential impairment. Impairment is indicated if the carrying value of the Corporation's exploration and evaluation properties is not recoverable. If impairment is indicated, the amount by which the carrying value of exploration and evaluation properties exceeds their estimated fair value is charged to the consolidated statements of operations. Evaluating for recoverability during the exploration and evaluation phase requires judgment in determining whether it is likely that future economic benefits from future exploitation, sale or otherwise, are likely. Evaluations may be more complex where activities have not reached a stage which permits a reasonable assessment of the existence of reserves. Management must make certain estimates and assumptions about future events or circumstances including, but not limited to, the interpretation of geological, geophysical and seismic data, the Corporation's financial ability to continue exploration and evaluation activities, contractual issues with working interest partners and the impact of current and expected future oil and natural gas prices to potential reserves.

The Corporation's subsidiary, Dundee Energy Limited ("Dundee Energy"), through its equity accounted investment in Escal (note 10), is in the pre-development phase of the Castor underground natural gas storage project in Spain. All related pre-development costs are capitalized by Escal. The recovery of these costs is dependent upon the economic viability of the underground natural gas storage project and the remuneration program in place by the Spanish authorities.

Decommissioning Liabilities

The Corporation is required to provide for decommissioning liabilities. The Corporation must estimate these costs in accordance with existing laws, contracts and other policies. The estimate of future costs involves a number of estimates relating to timing, type of costs and associated contract negotiations, and review of potential methods and technical advancements. Furthermore, due to uncertainties concerning environmental remediation, the ultimate cost of the Corporation's decommissioning liabilities could differ from amounts provided. The estimate of the Corporation's obligation is subject to change due to amendments to applicable laws and regulations and as new information concerning the Corporation's operations becomes available. The Corporation is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future.

Stock Based Compensation

The Corporation and its subsidiaries have a variety of stock based compensation awards that are utilized as retention tools for employees, directors and consultants. When stock based awards are granted, the Corporation measures the fair value of each award and recognizes the amount as compensation expense over the vesting period. Management makes a variety of assumptions in calculating the fair value of stock based compensation. Management uses an option pricing model in determining the fair value of its stock based compensation expense. Application of the option pricing model requires estimates in expected dividend yields, expected volatility of the underlying assets based on past volatility experienced and the expected life of the award granted. These estimates may ultimately be different from the estimates initially made, resulting in an overstatement or understatement of net earnings.

Income Tax

The determination of the Corporation's income and other tax liabilities requires interpretation of complex laws and regulations often involving multiple jurisdictions. Judgment is required in determining whether deferred income tax assets should be recognized on the consolidated statements of financial position. Deferred income tax assets, including those arising from unutilized tax losses, require management to assess the likelihood that the Corporation will generate taxable income in future periods in order to utilize recognized deferred tax assets. Estimates of future taxable income are based on forecasted cash flows from operations and the application of existing tax laws in each applicable jurisdiction. To the extent that future cash flows and taxable income differ significantly from estimates, the ability of the Corporation to realize a deferred tax asset could be materially impacted.

Provisions

Provisions are recorded by the Corporation when it has determined that it has a present obligation, whether legal or constructive, and that it is probable that an outflow of resources will be required to settle the obligation, provided that a reliable estimate can be made of the amount of the obligation. Management must use judgment in assessing the magnitude of the potential economic exposure and the likelihood of a future event occurring. Actual results may differ significantly from these estimates. The consolidated financial statements include provisions, if appropriate, for legal proceedings, including regulatory investigations primarily relating to the normal course business operations of the Corporation's brokerage subsidiary and for costs to complete land, housing and condominium projects in the Corporation's real estate business.

5. ACQUISITIONS AND DILUTIONS OF INTERESTS IN SUBSIDIARIES

				Effect on Contributed Surplus		Gain on
			Interest Owned as at	During the year ended		Divestment
	31-Dec-12	31-Dec-11	31-Dec-10	31-Dec-12	31-Dec-11	31-Dec-11
Blue Goose Capital Corp.	83%	81%	-	$ (177)	$ (84)	$ -
Dundee Securities Ltd.*	100%	49%	48%	(4,977)	253	-
Dundee Energy Limited	57%	57%	54%	255	(192)	-
Dundee Realty Corporation	70%	70%	70%	(128)	(74)	-
DundeeWealth Inc. (note 30)	-	-	48%		-	870,828
Eurogas International Inc.	53%	53%	53%	-	5	-
Nichromet Extraction Inc.	75%	70%	63%	(781)	(594)	-

* Held through Dundee Capital Markets Inc.

Dundee Capital Markets Inc.

On February 1, 2012, the Corporation acquired all of Dundee Capital Markets Inc.'s ("Dundee Capital Markets") outstanding common shares held by non-controlling shareholders at a price of $1.125 per share by way of a court approved plan of arrangement under the Business Corporations Act (Ontario). The Corporation paid $88,033,000 in respect of the transaction. The difference between the consideration paid and the carrying value of the non-controlling interest of $83,056,000, aggregating $4,977,000, was recorded as a decrease in contributed surplus.

Blue Goose Capital Corp.

On December 9, 2011, the Corporation acquired an initial 79% interest in Blue Goose Capital Corp. ("Blue Goose"), a privately-owned Canadian company operating in the organic and natural protein production markets, for cash of \$12,000,000. A summary of the allocation of the aggregate consideration transferred to the various identifiable assets and liabilities acquired in Blue Goose is summarized below.

Net assets acquired:		
Cash	\$	2,625
Livestock		3,339
Capital and other assets		10,619
Accounts payable and accrued liabilities		(1,619)
	\$	14,964
Aggregate consideration transferred:		
Cash	\$	12,000
Attributed to non-controlling interest		2,964
	\$	14,964

Subsequent to its initial purchase, and prior to December 31, 2011, the Corporation invested a further \$1,610,000 in Blue Goose, increasing its ownership to 81% and resulting in a decrease in contributed surplus of \$84,000.

During the year ended December 31, 2012, the Corporation acquired further common shares of Blue Goose from treasury for \$37,215,000. The Corporation's investment in Blue Goose increased to 83% at December 31, 2012, as a result of which the Corporation recorded a decrease in contributed surplus of \$177,000.

Nichromet Extraction Inc.

During the year ended December 31, 2011, the Corporation increased its ownership in Nichromet Extraction Inc. ("Nichromet"), an international exploration company domiciled in Canada, from 63% to 70% through the acquisition of common shares of Nichromet for cash consideration of \$4,107,000. The Corporation decreased contributed surplus by \$594,000 as a result of the increase in ownership.

During the year ended December 31, 2012, the Corporation invested an additional \$3,493,000 in Nichromet, increasing its ownership interest to 75% at December 31, 2012. As a result of the increase, the Corporation further decreased contributed surplus by \$781,000.

Equity Changes in Subsidiaries

As a result of changes in the equity of certain other subsidiaries, during the year ended December 31, 2012, the Corporation recognized an increase in contributed surplus of \$127,000 (2011 – decrease of \$8,000).

6. CLIENT ACCOUNTS RECEIVABLE

As at December 31,		2012		2011
Client accounts	\$	184,070	\$	125,649
Brokers' and dealers' balances		5,516		15,543
Funds deposited into trust		132,896		88,502
Amounts receivable from carrying broker		10,145		40,832
	\$	**332,627**	**\$**	**270,526**

Funds deposited into trust represent client funds deposited and held by the Corporation's full service brokerage subsidiary, Dundee Securities Ltd. ("Dundee Securities") in registered accounts. These funds have been deposited with a Canadian trust company. Included in *"Client deposits and related liabilities"* (note 16) is a corresponding liability related to these deposits.

As part of the separation of capital markets activities from DundeeWealth Inc. ("DundeeWealth") (note 30), Dundee Securities entered into an introducing and carrying broker arrangement with Fidelity Clearing Canada ("FCC"). This arrangement became effective on January 1, 2012. "*Amounts receivable from carrying broker*" represents non-registered client balances and other corporate funds held by the carrying broker pursuant to this arrangement.

Dundee Securities continues to have an introducing and carrying broker arrangement with a subsidiary of DundeeWealth to facilitate the transition of certain business processes following the divestment of DundeeWealth (note 30). The Corporation has initiated the termination of this arrangement and it expects to conclude the contract with the subsidiary of DundeeWealth in 2013.

7. DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Contracts

During the year ended December 31, 2012, Dundee Energy entered into risk management contracts. These derivative instruments were not designated in a qualifying hedge relationship and accordingly, they are classified as financial instruments "*at fair value through profit and loss*" and are measured at fair value with changes in fair value recorded in net earnings in the period in which they occur.

Dundee Energy has determined that the fair value of risk management contracts at December 31, 2012 resulted in an asset balance of $215,000 (2011 – asset balance of $1,616,000). All outstanding risk management contracts entered into by Dundee Energy expired on December 31, 2012 and settled at their fair value in January 2013.

During the year ended December 31, 2012, Dundee Energy recognized a gain of $2,527,000 (2011 – $3,072,000) from changes in the fair value of risk management contracts.

The market prices used to determine the fair value of risk management contracts reflect management's best estimate at the measurement date, and considers various factors. However, future market prices will vary from those used in recording the fair value of the related risk management contracts and it is possible that such variations could be material, causing volatility in the Corporation's financial results.

Embedded Derivative

The terms of the Corporation's Preference Shares, series 1 are described in note 19. The Corporation has determined that the redemption option feature of the Preference Shares, series 1 meets the definition of an embedded derivative, as the economic risks and characteristics of the redemption option are not closely related to that of the Preference Shares, series 1. Accordingly, the embedded redemption option has been bifurcated from the Preference Shares, series 1 and has been recognized in the consolidated financial statements as a derivative financial instrument. The Corporation has determined that at December 31, 2012, the fair value of the embedded redemption option was $4,920,000 (2011 – $4,440,000) and accordingly the Corporation recognized a gain on derivative financial instruments of $480,000 (2011 – $3,216,000). The fair value of the embedded redemption option was measured using an interest rate pricing method.

8. BROKERAGE SECURITIES OWNED AND BROKERAGE SECURITIES SOLD SHORT

As at December 31,		2012		2011
	Securities Owned	Securities Sold Short	Securities Owned	Securities Sold Short
Bonds	$ 22,229	$ 16,897	$ 18,092	$ 12,654
Equities	51,570	392	17,605	1,545
Other	882	-	1,903	-
	$ 74,681	**$ 17,289**	**$ 37,600**	**$ 14,199**

Bond maturities range from 2013 to 2109 (2011 – from 2012 to 2111) and have annual interest yields ranging from 1% to 12% (2011 – 0% to 12%).

From time to time, Dundee Securities may sell securities that it does not own and will therefore be obligated to purchase such securities at a future date to settle its obligation. These securities have been designated as *"Securities sold short"* in these consolidated financial statements. Dundee Securities may incur a loss if the market value of these securities subsequently increases.

Due to their short-term nature, brokerage securities owned and brokerage securities sold short are expected to trade within a twelve-month period.

9. INVESTMENTS

As at December 31,		2012		2011
	Cost	Fair Value	Cost	Fair Value
Publicly traded securities	$ 785,873	$ 798,915	$ 1,334,785	$ 1,258,259
Private investments	224,562	237,902	125,168	133,563
Mutual funds and other short term investments	5,753	6,894	5,782	5,785
Debt securities	183,110	184,801	89,612	87,362
	$ 1,199,298	**$ 1,228,512**	**$ 1,555,347**	**$ 1,484,969**

During the year ended December 31, 2012, the Corporation sold certain common shares and preferred shares of The Bank of Nova Scotia ("Scotiabank") received as part of its divestment of DundeeWealth (note 30) for aggregate proceeds of $617,002,000 (2011 – $247,771,000) and realized a loss on sale of $44,427,000 (2011 – $5,403,000). At December 31, 2012, the Corporation's remaining investment in Scotiabank had a cost of $504,356,000 and a fair value of $511,923,000.

The Corporation recognizes changes in fair values of AFS securities in OCI, other than changes that are determined to be impairments in fair value. During the year ended December 31, 2012, the Corporation recognized a gain in OCI, net of taxes, of $88,104,000 (2011 – loss of $131,259,000) in respect of its portfolio of AFS securities. Amounts transferred to net earnings during the year ended December 31, 2012 are net of recognized impairments in fair values of financial instruments designated as AFS securities of $62,065,000 (2011 – $23,261,000).

10. EQUITY ACCOUNTED INVESTMENTS

As at December 31,			2012		2011
Trade Symbol	Investment	Ownership	Carrying Value	Ownership	Carrying Value
D.UN	Dundee Real Estate Investment Trust	6%	$ 208,326	8%	$ 174,577
DPM	Dundee Precious Metals Inc.	23%	136,328	23%	125,041
DI.UN	Dundee International Real Estate Investment Trust	18%	106,603	29%	103,983
RYG	Ryan Gold Corp.	12%	2,785	12%	13,830
VOX	360 VOX Corporation	22%	5,378	23%	6,053
CRG	Corona Gold Corporation	23%	4,705	26%	5,123
ODX	Odyssey Resources Limited	31%	411	31%	569
-	Escal UGS S.L.	33%	-	33%	-
			$ 464,536		**$ 429,176**

The aggregate fair value of the Corporation's equity accounted investments as at December 31, 2012 was $620,598,000 (2011 – $569,048,000).

Significant Transactions Affecting the Carrying Value of Equity Accounted Investments During the Year Ended December 31, 2012

Dundee Real Estate Investment Trust
During the year ended December 31, 2012, Dundee Real Estate Investment Trust ("Dundee REIT") completed public offerings for the issuance of 16,947,550 units of Dundee REIT, raising gross proceeds of $604,812,000. Dundee REIT issued an additional 12,580,347 units for the acquisition of Whiterock Real Estate Investment Trust, representing aggregate equity consideration of $434,777,000. The Corporation purchased 754,800 units of Dundee REIT at an aggregate cost of $26,897,000.

At December 31, 2012, the Corporation held a 6% interest in Dundee REIT. The Corporation continues to account for its investment in Dundee REIT on an equity basis as it is able to exert significant influence over the operations and financial results of Dundee REIT through its representation on the board of trustees of Dundee REIT, through services arrangements and through senior management representation.

Dundee International Real Estate Investment Trust
During the year ended December 31, 2012, Dundee International Real Estate Investment Trust ("Dundee International REIT") completed public offerings for the issuance of 28,186,500 units of Dundee International REIT, including units pursuant to the exchange of debt obligations, for net proceeds before issue costs of $208,106,000. These transactions have diluted the Corporation's interest in Dundee International REIT from 29% at the end of the prior year to 18% at December 31, 2012. As a result of these public offerings, the Corporation recognized a dilution gain of $7,557,000 during 2012.

In addition to the Corporation's investment in Dundee International REIT, and in support of Dundee International REIT's execution of a term loan credit facility led by a syndicate of European banks (which together with the proceeds from the initial public offering were used by Dundee International REIT to finance the purchase of certain European properties) (the "International REIT Credit Facility"), the Corporation has agreed that it will maintain an aggregate of at least $120,000,000 of equity in Dundee International REIT for a two-year period following closing of the initial public offering in August 2011, and an aggregate of at least $48,000,000 from the end of the two-year period until the end of the term of the International REIT Credit Facility, which has an initial term of five years, and which may be extended for a further two years, subject to the satisfaction by Dundee International REIT of certain conditions precedent at the time of the extension.

The Corporation has also entered into a sub-participation agreement in the principal amount of €28,850,000 with a Canadian chartered bank (the "Canadian Bank") in which the Corporation agreed to participate in the Canadian Bank's participation in the International REIT Credit Facility. Under the terms of the sub-participation agreement with the Canadian Bank, the Corporation will be entitled to receive and recover from the Canadian Bank, as applicable, its proportionate share of all repayments of principal and interest paid to the Canadian Bank under the Canadian Bank's entitlement in the International REIT Credit Facility. At December 31, 2012, amounts outstanding pursuant to these arrangements were $37,814,000 (2011 – $38,128,000).

Escal UGS S.L. ("Escal")

The Corporation's 33% interest in Escal is held directly by Castor UGS Limited Partnership ("CLP"), a subsidiary of Dundee Energy. The remaining interest in Escal is held by ACS Servicios Comunicaciones y Energia, S.L. ("ACS"), a third-party Spanish entity. The shareholders' agreement between CLP and ACS in respect of Escal obliges ACS for the provision of all equity or quasi equity funding, as may be required pursuant to project financing arrangements for completion of Escal's underground gas storage project in Spain.

During the year ended December 31, 2012, Escal issued 39 par value shares for €2,000 (2011 – 99 par value shares for €5,000). To maintain its proportionate interest in Escal, CLP acquired 13 of the newly issued shares (2011 – 33) for a nominal amount (2011 – $3,000; €2,000). In addition and in order to comply with minimum equity to debt ratio requirements, the majority shareholder in Escal also contributed an issuance premium on the newly issued shares of €5,774,000 (2011 – €14,659,000) and it issued €15,400,000 (2011 – €43,300,000) in subordinated loans. CLP has not recognized the benefit of its 33% interest in the issuance premium and subordinated loans as the ultimate realization and measurement of the benefit is subject to a significant number of risks and uncertainties, including but not limited to, execution risk associated with the construction of the project, the availability and terms of future financing arrangements and the 50-year life span of the project.

Escal has established a hedging strategy to mitigate its exposure to interest rate risk associated with its project financing agreement. At December 31, 2012, the fair value of Escal's obligations in respect of these hedging strategies was approximately €140,104,000 (2011 – €74,790,000). Recognition of these losses draws the Corporation's carrying value in Escal to zero. At December 31, 2012, the Corporation had not recorded a liability of $38,552,000 (2011 – $28,562,000) related to additional losses incurred by Escal, as it does not have the legal or constructive obligation in respect thereof.

Ryan Gold Corp. ("Ryan Gold")

Ryan Gold completed an impairment analysis in respect of certain of its resource properties and determined that, based on present market conditions, the carrying value of its resource properties exceeded their recoverable amount and, accordingly, it recognized an impairment loss. During the year ended December 31, 2012, the Corporation recognized a corresponding loss from its investment in Ryan Gold of approximately $11,045,000. The loss has been included in net earnings as *"share of earnings from equity accounted investments"*.

Significant Transactions Affecting the Carrying Value of Equity Accounted Investments During the Year Ended December 31, 2011

Breakwater Resources Ltd. ("Breakwater")

On August 31, 2011, Nyrstar NV ("Nyrstar") completed the acquisition of Breakwater for $7.00 in cash per common share. In addition, and immediately prior to completion of the transaction, Breakwater paid a special dividend of $0.50 per common share. The Corporation received total proceeds of $155,020,000 pursuant to these arrangements, including a special dividend of $10,335,000. Included in net earnings during the year ended December 31, 2011 is a pre-tax gain on disposal of the Corporation's interest in Breakwater of $95,561,000.

Dundee Real Estate Investment Trust

During the year ended December 31, 2011, Dundee REIT issued approximately 19,538,500 units pursuant to public offerings for gross proceeds of $629,434,000. The Corporation purchased an aggregate of 763,000 units at a cost of $25,042,000 pursuant to these offerings, marginally reducing its ownership interest in Dundee REIT from 9% at the end of the prior year to 8% at December 31, 2011.

Dundee International Real Estate Investment Trust

On August 3, 2011, Dundee International REIT completed an initial public offering pursuant to which it raised gross proceeds of approximately $410,000,000, including $270,000,000 on the issuance of units in Dundee International REIT at an initial price of $10.00 per unit and $140,000,000 in debentures. The Corporation and Dundee Realty purchased 12,000,000 units pursuant to the initial public offering. At December 31, 2011, the Corporation held a 29% interest in Dundee International REIT.

Ryan Gold Corp.

On May 12, 2011, Ryan Gold announced that it had closed a bought deal financing of 15,000,000 units at a price of $2.00 per unit and 9,900,000 flow-through shares at a price of $2.25 per share for gross proceeds of $52,300,000. Each unit was comprised of a common share and a half common share purchase warrant. Dundee Corporation purchased 4,400,000 flow-through shares for $10,000,000 pursuant to the offering. As a result of this participation, the Corporation maintained its ownership interest of 12% in Ryan Gold.

360 VOX Corporation ("360 VOX")

During the year ended December 31, 2011, the Corporation and its affiliates acquired 36,728,138 shares of 360 VOX for $4,781,000, increasing its ownership interest to 23%. The Corporation determined that it exerts significant influence over the operations and financial results of 360 VOX, through its increased ownership percentage, and by representation on the board of directors of 360 VOX. Consequently, during the year ended December 31, 2011, the Corporation's investment in 360 VOX was transferred from investments designated as AFS securities to equity accounted investments, and the Corporation began to account for its investment on an equity basis.

Share of Earnings from Equity Accounted Investments

During the year ended December 31, 2012, the Corporation's share of earnings from equity accounted investments, including its share of earnings from real estate joint venture investments (note 11), was $35,070,000 (2011 – $61,847,000).

For the years ended December 31,	2012	2011
Dundee Real Estate Investment Trust	$ 19,859	$ 32,591
Dundee Precious Metals Inc.	15,510	23,270
Dundee International Real Estate Investment Trust	11,512	(6,791)
Ryan Gold Corp.	(11,045)	(2,033)
360 VOX Corporation	(778)	(199)
Corona Gold Corporation	295	108
Odyssey Resources Limited	(159)	(134)
Escal UGS S.L.	-	(12)
Breakwater Resources Ltd.	-	13,372
	35,194	60,172
Real estate joint venture investments	(124)	1,675
	$ 35,070	**$ 61,847**

The following table summarizes financial information about the assets, liabilities, revenues, net earnings and OCI or loss of the Corporation's equity accounted investments as at and for the years ended December 31, 2012 and 2011. The Corporation has included in its consolidated financial statements, equity accounted information based on the most recent audited annual financial statements or unaudited interim financial statements of each equity accounted investment, all within three months of the year-end of the Corporation. Adjustments are made to reflect material transactions and events in the intervening period, if any.

For purposes of the following disclosure, the assets and liabilities of the equity accounted investments with presentation currencies in other than the Canadian dollar have been translated using prevailing foreign exchange rates at the dates of the consolidated statements of financial position. Revenues, net earnings and items in OCI or loss have been translated using average foreign exchange rates during the respective periods.

(in millions of dollars)

As at and for the years ended December 31,	2012	2011
Assets	$ 10,805	$ 8,184
Liabilities	(6,188)	(4,816)
Revenues	1,138	799
Net earnings	181	425
Other comprehensive loss	(87)	(171)

11. REAL ESTATE JOINT VENTURE INVESTMENTS

Dundee Realty has entered into certain real estate joint venture arrangements, primarily for the development of investment and recreational properties and for renewable energy project management. These arrangements are accounted for on an equity basis. At December 31, 2012, the carrying value of these joint venture investments was $65,204,000 (2011 – $47,917,000) and Dundee Realty reported a loss of $124,000 (2011 – gain of $1,675,000) as its share of earnings from these arrangements.

The following table summarizes financial information about Dundee Realty's share of assets, liabilities, revenues and net earnings from real estate joint venture investments.

(in millions of dollars)

As at and for the years ended December 31,	2012	2011
Assets	$ 264	$ 124
Liabilities	(198)	(76)
Revenues	17	17
Net earnings	-	2

12. REAL ESTATE ASSETS

	Inventory	Investment Properties	Income-Producing Properties	TOTAL
Balance, December 31, 2010	$ 349,505	$ 34,280	$ 25,141	$ 408,926
Transactions during the year ended December 31, 2011				
Additions	13,022	1,791	1,357	16,170
Cost of development	217,681	-	-	217,681
Cost of sales	(199,261)	-	-	(199,261)
Fair value changes in investment properties	-	3,813	-	3,813
Depreciation	-	-	(2,173)	(2,173)
Other	(879)	(8)	336	(551)
Balance, December 31, 2011	380,068	39,876	24,661	444,605
Transactions during the year ended December 31, 2012				
Additions	134,210	665	2,408	137,283
Cost of development	272,892	-	-	272,892
Cost of sales	(288,972)	-	-	(288,972)
Fair value changes in investment properties	-	9,705	-	9,705
Depreciation	-	-	(2,551)	(2,551)
Other	(484)	762	(362)	(84)
Balance, December 31, 2012	$ 497,714	$ 51,008	$ 24,156	$ 572,878

In accordance with its policy, Dundee Realty measures its investment properties using valuations prepared by management. Dundee Realty determines the fair value of each investment property using a DCF model, generally over an average period of 10 years, and a terminal value based on the estimated cash flow in the final year of the detailed planning period. The DCF model incorporates, among other things, expected rental income from current leases, assumptions about rental income from future leases and implied vacancy rates, general inflation, and projections of required future cash outflows with respect to such leases. To supplement management's assessment of fair value, Dundee Realty obtains valuations of selected investment properties on a rotational basis from qualified external valuation professionals, and considers the results of such valuations in arriving at its own conclusions on values. The key valuation metrics for Dundee Realty's investment properties are set out in the following table. Fair value determination is sensitive to changes in the discount rate and the timing or variability of cash flows.

	December 31, 2012	December 31, 2011
Discount rate	7.00% to 7.75%	7.00% to 8.50%
Terminal capitalization rate	6.25% to 7.00%	6.50% to 7.50%
Investment horizon (years)	10 + 1 years	10 + 1 years

During the year ended December 31, 2012, the Corporation recognized a gain from changes in the fair value of investment properties of $9,705,000 (2011 – $3,813,000).

13. RESOURCE PROPERTIES

	Property, Plant and Equipment					Exploration and Evaluation	
	Oil and Gas Development Costs	Pipeline Infrastructure	Machinery and Equipment	Land and Buildings	Other	Undeveloped Properties	TOTAL
At December 31, 2010							
Cost	$ 107,172	$ 23,408	$ 21,662	$ 4,525	$ 6,975	$ 6,780	$ 170,522
Accumulated depreciation and depletion	(5,194)	(926)	(554)	(12)	(673)	-	(7,359)
Net carrying value, December 31, 2010	101,978	22,482	21,108	4,513	6,302	6,780	163,163
Year ended December 31, 2011							
Carrying value December 31, 2010	101,978	22,482	21,108	4,513	6,302	6,780	163,163
Acquisitions	6,948	-	1,166	55	4	1,903	10,076
Net additions	5,868	1,909	2,220	-	(3,864)	7,571	13,704
Remeasure decommissioning liabilities (note 18)	10,182	-	-	-	-	-	10,182
Depreciation and depletion	(11,945)	(2,033)	(1,288)	(25)	(144)	-	(15,435)
Net carrying value, December 31, 2011	113,031	22,358	23,206	4,543	2,298	16,254	181,690
At December 31, 2011							
Cost	130,170	25,317	25,048	4,580	3,115	16,254	204,484
Accumulated depreciation and depletion	(17,139)	(2,959)	(1,842)	(37)	(817)	-	(22,794)
Net carrying value, December 31, 2011	113,031	22,358	23,206	4,543	2,298	16,254	181,690
Year ended December 31, 2012							
Carrying value December 31, 2011	113,031	22,358	23,206	4,543	2,298	16,254	181,690
Net additions	3,630	286	3,592	-	555	9,744	17,807
Remeasure decommissioning liabilities (note 18)	467	-	-	-	-	-	467
Depreciation and depletion	(27,275)	(1,737)	(1,344)	(26)	(121)	-	(30,503)
Net carrying value, December 31, 2012	89,853	20,907	25,454	4,517	2,732	25,998	169,461
At December 31, 2012							
Cost	134,267	25,603	28,640	4,580	3,670	25,998	222,758
Accumulated depreciation and depletion	(44,414)	(4,696)	(3,186)	(63)	(938)	-	(53,297)
Net carrying value, December 31, 2012	$ 89,853	$ 20,907	$ 25,454	$ 4,517	$ 2,732	$ 25,998	$ 169,461

Impairment of Resource Properties

During the year ended December 31, 2012, Dundee Energy recognized an impairment of $15,500,000 on its resource properties in relation to certain natural gas CGUs. The impairment charge reflects a reduction in forecasted natural gas prices as at December 31, 2012. The impairment has been included in the consolidated statements of operations as additional depreciation and depletion expense.

Dundee Energy determined the recoverable amount of these resource properties using the fair value less costs to sell method based on cash flow projections on proven and probable reserves. In determining fair value less costs to sell, Dundee Energy considered recent transactions within the industry, long-term views of commodity prices, externally evaluated reserve volumes, and discount rates specific to the CGU. The calculation of the recoverable amount is sensitive to the assumptions regarding production volumes, discount rates and commodity prices. In computing the recoverable amount, future cash flows were adjusted for risks specific to the CGU and discounted using a discount rate of 8%.

14. LIVESTOCK

	Inventory	Biological Assets	TOTAL
From October 1, 2011 to December 31, 2011			
Acquisitions and additions	$ 610	$ 4,161	$ 4,771
Balance, December 31, 2011	610	4,161	4,771
Transactions during the year ended December 31, 2012			
Acquisitions and net additions	3,332	5,702	9,034
Fair value changes	-	3,846	3,846
Balance, December 31, 2012	$ 3,942	$ 13,709	$ 17,651

15. CAPITAL AND OTHER ASSETS

	Capital Assets				*Intangible Assets*		
	Furniture and Fixtures	Computer and Network Equipment	Land and Buildings	Other	Trademarks	Other Intangible Assets	TOTAL
At December 31, 2010							
Cost	$ 5,176	$ 4,236	$ 1,647	$ 12,890	$ 13,279	$ 17,872	$ 55,100
Accumulated depreciation and depletion	(4,387)	(3,850)	-	(5,525)	(3,585)	-	(17,347)
Net carrying value, December 31, 2010	789	386	1,647	7,365	9,694	17,872	37,753
Year ended December 31, 2011							
Carrying value December 31, 2010	789	386	1,647	7,365	9,694	17,872	37,753
Acquisitions	38	-	6,416	500	-	4,518	11,472
Net additions	792	322	(153)	2,460	616	4,692	8,729
Depreciation and depletion	(435)	(296)	-	(2,236)	(907)	(1,415)	(5,289)
Net carrying value, December 31, 2011	1,184	412	7,910	8,089	9,403	25,667	52,665
At December 31, 2011							
Cost	6,006	4,558	7,910	15,850	13,895	27,082	75,301
Accumulated depreciation and depletion	(4,822)	(4,146)	-	(7,761)	(4,492)	(1,415)	(22,636)
Net carrying value, December 31, 2011	1,184	412	7,910	8,089	9,403	25,667	52,665
Year ended December 31, 2012							
Carrying value December 31, 2011	1,184	412	7,910	8,089	9,403	25,667	52,665
Net additions	153	4,501	24,330	14,245	610	8,313	52,152
Depreciation and depletion	(256)	(2,217)	(132)	(2,221)	(943)	(1,068)	(6,837)
Net carrying value, December 31, 2012	1,081	2,696	32,108	20,113	9,070	32,912	97,980
At December 31, 2012							
Cost	6,159	9,059	32,240	30,095	14,505	35,395	127,453
Accumulated depreciation and depletion	(5,078)	(6,363)	(132)	(9,982)	(5,435)	(2,483)	(29,473)
Net carrying value, December 31, 2012	$ 1,081	$ 2,696	$ 32,108	$ 20,113	$ 9,070	$ 32,912	$ 97,980

16. CLIENT DEPOSITS AND RELATED LIABILITIES

As at December 31,	2012	2011
Client accounts	$ 342,968	$ 303,817
Brokers' and dealers' balances	17,241	17,007
International banking client accounts	3,989	9,127
	$ 364,198	**$ 329,951**

17. CORPORATE DEBT

At December 31, 2012 and December 31, 2011, the fair value of corporate debt approximated its carrying value.

As at December 31,		2012		2011
Corporate				
$225 million revolving term credit facility due March 11, 2013	$	27,393	$	224,265
$6.7 million, 5.85% exchangeable unsecured subordinated debentures due June 30, 2015		8,396		9,883
$92.8 million fixed term credit facility due June 29, 2012		-		42,800
Subsidiaries				
$70 million demand revolving credit facility, Dundee Energy		62,633		59,191
$3.8 million demand revolving credit facilities, Blue Goose		992		-
$14.8 million advance loan facility, Blue Goose, due July 1, 2017		75		-
$190 million revolving term credit facility, Dundee Realty, due November 30, 2013		45,000		88,000
Other real estate debt		188,573		122,458
	$	**333,062**	**$**	**546,597**

$225,000,000 – Revolving Term Credit Facility, Corporate

On October 21, 2011, the Corporation established a $225 million revolving term credit facility with a Canadian Schedule I Chartered Bank. Borrowings under the credit facility bear interest at a rate per annum equal to the bank's prime lending rate for loans plus 0.75% or, at the Corporation's option, at the prevailing bankers' acceptance or London Inter-Bank Offer Rate plus 1.75%. Unused amounts available under the facility are subject to an annual standby fee of 0.39375%. The facility originally matured on November 11, 2012, and was subsequently extended to March 11, 2013.

Draws against the revolving term credit facility are contingent on, among other things, the pledge of certain of the Corporation's investments. The facility is subject to certain other covenants, including the maintenance of certain financial ratios and restrictions on the existence of other secured indebtedness, restrictions on the redemption, purchase or repayment of the Corporation's outstanding exchangeable debentures (see below), and restrictions on the prepayment and payment of interest on these exchangeable debentures.

At December 31, 2012, the Corporation had drawn $27,393,000 (2011 – $224,265,000) against this facility. During the year ended December 31, 2012, interest expense relating to the Corporation's revolving term credit facility, including standby fees and other similar costs, was $5,297,000 (2011 – $5,401,000).

Subsequent to December 31, 2012, the maturity date of the facility was extended to March 10, 2014.

$6,749,000, 5.85% Exchangeable Unsecured Subordinated Debentures

At December 31, 2012, the Corporation had 6,749 (2011 – 9,182) outstanding exchangeable unsecured subordinated debentures with a par value per debenture of $1,000. The exchangeable debentures mature on June 30, 2015 and bear interest at 5.85% per annum, payable semi-annually on June 30 and December 31 of each year. Each exchangeable debenture may be exchanged, at the option of the holder for 33.6134 units of Dundee REIT, representing a conversion price of $29.75 per Dundee REIT unit.

The Corporation has placed sufficient units of Dundee REIT or other securities exchangeable into units of Dundee REIT into escrow in order to satisfy the exchange feature of the exchangeable debentures. While these securities are held in escrow, the Corporation retains all voting rights and related privileges and is entitled to all distributions and rights of reinvestment of all distributions. During the year ended December 31, 2012, an aggregate of $2,433,000 (2011 – $363,000) of exchangeable debentures were surrendered for exchange and the Corporation delivered 81,772 (2011 – 12,199) units of Dundee REIT in settlement thereof.

The carrying value of the exchangeable debentures is adjusted in the Corporation's consolidated financial statements to reflect the fair value of the embedded exchange feature, provided that such adjustment does not result in a carrying value that is below the principal value of the exchangeable debentures outstanding. The fair value of the exchange feature is determined using a valuation model that recognizes both the debt and exchange feature of the debentures and is based on the premise that each of these components have different default risks. Changes in the fair value of the exchange feature are recorded in net earnings. Based on this valuation model, the Corporation determined that the value of the exchangeable debentures at December 31, 2012 was $8,489,000 (2011 – $10,080,000).

$92,800,000 Fixed Term Credit Facility

During the year ended December 31, 2012, the Corporation fully repaid amounts owing pursuant to a fixed term credit facility provided to the Corporation to facilitate the Corporation's substantial issuer bid completed in October 2011 (note 20). Included in net earnings during the year ended December 31, 2012 is $509,000 of interest expense incurred by the Corporation prior to extinguishing this credit facility.

$70,000,000 Demand Revolving Credit Facility, Dundee Energy Limited

Dundee Energy Limited Partnership ("DELP"), a subsidiary of Dundee Energy, has established a $70 million (2011 – $80 million) credit facility with a Canadian chartered bank. The credit facility provides the subsidiary with a revolving demand loan, subject to a tiered interest rate structure based on its net debt to cash flow ratio, as defined in the credit facility. Based on current ratios, draws on the credit facility bear interest, at the option of the subsidiary, at either the bank's prime lending rate plus 3.0% for loans or letters of credit, or, for bankers' acceptances, at the bank's then prevailing bankers' acceptance rate plus 4.0%. The subsidiary is also subject to a standby fee of 0.50% on unused amounts under the credit facility. During the year ended December 31, 2012, interest expense relating to this credit facility, including standby fees and other similar costs, was $3,642,000 (2011 – $3,469,000). At December 31, 2012, the subsidiary had drawn $66,370,000 (2011 – $62,770,000) pursuant to the credit facility, including a letter of credit for $3,270,000 (2011 – $3,270,000).

The credit facility is secured against all of the oil and natural gas properties owned by DELP. In addition, Dundee Energy has assigned a limited recourse guarantee of its units in the subsidiary as further security pursuant to the credit facility. The credit facility is subject to certain covenants, including the maintenance of minimum levels of working capital. At December 31, 2012, Dundee Energy was in compliance with all such covenants.

$3,750,000 Demand Revolving Credit Facilities, Agricultural Subsidiaries of Blue Goose Capital Corp.

Certain wholly-owned subsidiaries of Blue Goose have entered into demand revolving credit facilities in the aggregate amount of $3,750,000 with a Canadian chartered bank. Borrowings under these arrangements bear interest at a rate per annum ranging from the bank's prime lending rate for loans plus 0.50% to 1.50%. The facilities are secured by a general security agreement against all of the assets of the subsidiaries and are guaranteed by Blue Goose. At December 31, 2012, an aggregate of $992,000 had been drawn against these facilities. During the year ended December 31, 2012, interest expense incurred in respect of these facilities was $64,000.

Subsequent to December 31, 2012, amounts available pursuant to these facilities were increased to $5,750,000.

$14,750,000 Advance Loan Facility, Blue Goose Capital Corp.

Blue Goose has entered into a $14.8 million advance loan facility, maturing on July 1, 2017, with a Canadian financial institution and leading lender to the agriculture industry. Amounts borrowed pursuant to the credit facility are subject to variable interest rates with a weighted average rate of 4.2% at December 31, 2012. The facility is secured by a first charge mortgage against various real estate assets held by Blue Goose and by certain wholly-owned subsidiaries of Blue Goose, some of which have also provided guarantees in respect of amounts borrowed pursuant to the facility. In addition to the advance loan facility, the lender also provided Blue Goose with lending capacity to finance the acquisition of certain equipment. At December 31, 2012, Blue Goose had drawn $75,000 pursuant to these arrangements. During the year ended December 31, 2012, interest expense incurred in respect of this credit facility was $197,000.

$190,000,000 Revolving Term Credit Facility, Dundee Realty Corporation

Dundee Realty has established a revolving term credit facility available up to a formula based maximum not to exceed $190 million (2011 – $150 million) with a Canadian Schedule I Chartered Bank. The facility bears interest, at Dundee Realty's option, at a rate per annum equal to either the bank's prime lending rate plus 1.25% (2011 – 1.75%), or at the bank's then prevailing bankers' acceptance rate plus 2.50% (2011 – 3.0%). The facility was renewed on February 1, 2012 and expires on November 30, 2013. The facility is secured by a general security agreement and a first charge against various real estate assets in western Canada.

At December 31, 2012, Dundee Realty had drawn $45,000,000 (2011 – $88,000,000) against this facility and it had issued letters of credit of $94,268,000 (2011 – $79,249,000). At December 31, 2012, available credit under the credit facility was $50,732,000. Interest expense relating to this revolving term credit facility during the year ended December 31, 2012 was $3,535,000 (2011 – $4,105,000).

Other Real Estate Debt

Other real estate debt is secured by charges on specific properties to which the debt relates. Mortgages, including land mortgages, are secured by charges on specific properties. Housing advances are secured by charges on specific land under development, housing and condominiums under development, or land held for development. Term debt is secured by charges on specific capital equipment. At December 31, 2012, the weighted average interest rate on fixed rate debt at Dundee Realty, aggregating $86,940,000 (2011 – $43,919,000), was 5.57% (2011 – 7.46%). The remaining real estate debt, including in respect of Dundee Realty's demand revolving term credit facilities, is subject to variable interest rates with a weighted average rate at December 31, 2012 of 3.61% (2011 – 4.12%). Fixed rate debt matures between 2013 and 2016. Variable rate debt, including the revolving term credit facility, matures between 2013 and 2018.

During the year ended December 31, 2012, Dundee Realty capitalized interest of $3,731,000 (2011 – $3,968,000), including interest incurred on its revolving term credit facility and on other real estate debt, to the carrying value of certain real estate assets.

Call Loan Arrangements

From time to time, Dundee Securities may utilize call loan arrangements to facilitate the securities settlement process for both client and principal securities transactions, or to fund margin lending. In connection with the establishment of an introducing and carrying broker arrangement with a third-party service provider on January 1, 2012, Dundee Securities arranged for an uncommitted call loan facility for up to $75 million. At December 31, 2012, there were no amounts drawn pursuant to this call loan facility.

Interest rates on amounts drawn during the year ended December 31, 2012 were 1.5% on Canadian dollar denominated borrowings and 0.45% on borrowings denominated in U.S. dollars.

18. DECOMMISSIONING LIABILITIES

The carrying value of the Corporation's decommissioning liabilities is comprised of the expected future abandonment and site restoration costs associated with resource properties. The Corporation has estimated its abandonment and reclamation costs based on the Corporation's net ownership in these assets, the estimated cost to abandon and reclaim these properties, including the associated facilities, and the estimated timing of the costs to be incurred in future periods.

As at and for the years ended December 31,		2012		2011
Undiscounted future obligations, beginning of year	$	84,686	$	81,578
Acquisition		-		4,621
Effect of changes in estimates		(1,374)		(63)
Liabilities settled (reclamation expenditures)		(2,000)		(1,450)
Undiscounted future obligations, end of year	$	81,312	$	84,686

During the year ended December 31, 2011, the Corporation recognized decommissioning liabilities of $4,621,000 associated with the acquisition of properties in southern Ontario.

Changes in estimates recognized during the year ended December 31, 2012 reflect the impact of inflation to the timing of abandonment and restoration costs related to certain land and buildings used in production.

The following table reconciles the Corporation's decommissioning liabilities on a discounted basis.

As at and for the years ended December 31,		2012		2011
Discount rates applied to future obligations		*1.13% - 2.27%*		*0.95% - 2.42%*
Inflation rate		*2.00%*		*2.00%*
Discounted future obligations, beginning of year	$	45,234	$	33,391
Acquisition		-		2,169
Effect of changes in estimates and				
remeasurement of discount and foreign exchange rates		562		10,076
Liabilities settled (reclamation expenditures)		(2,000)		(1,450)
Accretion (interest expense)		943		1,048
Discounted future obligations, end of year	$	44,739	$	45,234

19. PREFERENCE SHARES

Authorized

The Corporation is authorized to issue an unlimited number of first preference shares, issuable in series, an unlimited number of second preference shares, issuable in series, and an unlimited number of third preference shares, issuable in series.

First Preference Shares ─ Each series of first preference shares ranks on a parity with the first preference shares of every other series and will be entitled to preference on the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Corporation over the Subordinate Shares (note 20), Class B Shares (note 20), second preference shares and third preference shares.

Second Preference Shares ─ Each series of second preference shares ranks junior and subordinate to the first preference shares, on a parity with second preference shares of every other series and will be entitled to preference over the Subordinate Shares, Class B Shares and third preference shares. There are no second preference shares outstanding.

Third Preference Shares ─ Each series of third preference shares ranks junior and subordinate to the first preference shares and the second preference shares, on a parity with the third preference shares of every other series and will be entitled to preference over the Subordinate Shares and Class B Shares. There are no third preference shares outstanding.

Issued and Outstanding First Preference Shares, Series 1 ("Preference Shares, series 1")

	Number of Shares		Par Value		Issue Costs		Premium		Carrying Value
Balance as at December 31, 2010	6,000,000	$	150,000	$	(2,608)	$	680	$	148,072
Amortization during the year	-		-		474		(123)		351
Balance as at December 31, 2011	6,000,000		150,000		(2,134)		557		148,423
Amortization during the year	-		-		474		(124)		350
Balance as at December 31, 2012	6,000,000	$	150,000	$	(1,660)	$	433	$	148,773

There are currently 6,000,000 5.00% cumulative redeemable first Preference Shares, series 1 outstanding with a face value of $25.00 per share. The Preference Shares, series 1 rank on a parity with the Preference Shares, series 2 and series 3 (see below) and in priority to the Subordinate Shares and the Class B Shares of the Corporation as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Corporation. The Preference Shares, series 1 entitle the holder to a fixed preferential cumulative dividend at the rate of 5.00% per annum, payable quarterly. The Preference Shares, series 1 are generally non-voting, except in limited circumstances.

The Preference Shares, series 1 may be redeemed, at the option of the Corporation, at any time at a price per share which declines over time in accordance with the terms of the Preference Shares, series 1 from $25.75 per share if redeemed prior to June 30, 2013 to $25.00 per share if redeemed after June 30, 2015, together with accrued and unpaid dividends to, but excluding, the redemption date (the "DC Redemption Price Schedule").

The Corporation may elect to convert the Preference Shares, series 1 to Subordinate Shares of the Corporation at any time, subject to regulatory approval. The Preference Shares, series 1 would be converted on the basis of one Preference Share, series 1 for that number of Subordinate Shares that is equal to the redemption price at the time of the conversion determined in accordance with the DC Redemption Price Schedule divided by the current market price of the Subordinate Shares, determined in accordance with a formula. The Corporation does not, at present, intend to convert the Preference Shares, series 1 to Subordinate Shares.

The Corporation may, at any time, purchase the Preference Shares, series 1 for cancellation in the open market, by private placement or otherwise.

The Preference Shares, series 1 are retractable by the holder at any time after June 30, 2016 for cash of $25.00 per share, together with accrued and unpaid dividends to, but excluding, the redemption date.

Issued and Outstanding First Preference Shares, Series 2 ("Preference Shares, series 2")

	Number of Shares	Par Value	Issue Costs	Carrying Value
Balance as at December 31, 2012 and 2011	5,200,000	$ 130,000	$ (2,932)	$ 127,068

There are currently 5,200,000 cumulative 5 year rate reset Preference Shares, series 2 outstanding with a face value of $25.00 per share. The Preference Shares, series 2 rank on a parity with the Preference Shares, series 1 and Preference Shares, series 3 (see below), and rank in priority to the Subordinate Shares and the Class B Shares of the Corporation as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Corporation. The Preference Shares, series 2 entitle the holder to a fixed preferential cumulative dividend at the rate of 6.75% per annum, payable quarterly up to, but excluding, September 30, 2014. Thereafter, the dividend rate will reset every five years to equal the then Canadian dollar denominated non-callable Government of Canada bond yield with a term to maturity of five years plus 4.10%. The Preference Shares, series 2 are generally non-voting, except in limited circumstances.

Holders of Preference Shares, series 2 have the option to convert the shares into Cumulative Floating Rate First Preference Shares, series 3 ("Preference Shares, series 3"), subject to certain conditions, on September 30, 2014 and on September 30 every fifth year thereafter ("Series 3 conversion date"). The conversion is on the basis of one Preference Share, series 3 for each Preference Share, series 2.

The Preference Shares, series 2 may be redeemed, at the option of the Corporation, on September 30, 2014 and on September 30 every fifth year thereafter at a price of $25.00 per share, together with accrued and unpaid dividends up to, but excluding, the redemption date. Prior to September 30, 2014, the Corporation has the right to redeem the Preference Shares, series 2 in limited circumstances.

First Preference Shares, Series 3 ("Preference Shares, series 3")

The Preference Shares, series 3 rank on a parity with the Preference Shares, series 1 and Preference Shares, series 2, and rank in priority to the Subordinate Shares and the Class B Shares of the Corporation as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Corporation. Holders of Preference Shares, series 3, if and when issued, will be entitled to receive quarterly floating rate, cumulative preferential cash dividends based on the applicable three month Government of Canada T-Bill rate plus 4.10%. The Preference Shares, series 3 are generally non-voting, except in limited circumstances.

Holders of Preference Shares, series 3 will have the option, on September 30, 2019 and on each September 30 every fifth year thereafter, to convert their Preference Shares, series 3 into Preference Shares, series 2. The conversion is on the basis of one Preference Share, series 2 for each Preference Share, series 3.

On September 30, 2019 and on each September 30 every fifth year thereafter, the Corporation has the option to redeem the Preference Shares, series 3 by payment of an amount in cash of $25.00 per share together with accrued and unpaid dividends up to, but excluding, the redemption date.

On any date after September 30, 2014 that is not a Series 3 conversion date, the Corporation has the option to redeem the Preference Shares, series 3 by payment of an amount in cash of $25.50 per share together with accrued and unpaid dividends up to, but excluding, the redemption date.

There were no Preference Shares, series 3 outstanding at December 31, 2012 and December 31, 2011.

20. SHARE CAPITAL

Authorized

The Corporation is authorized to issue an unlimited number of Class A subordinate voting shares ("Subordinate Shares") and an unlimited number of Class B common shares ("Class B Shares"). Holders of Subordinate Shares and Class B Shares are entitled to one vote and 100 votes, respectively, for each such share held. The Subordinate Shares and Class B Shares participate equally, share for share, as to dividends. The Class B Shares are convertible into Subordinate Shares on a one-for-one basis at any time. In the event of an offer to purchase the Class B Shares by a third party, and in certain circumstances, each Subordinate Share will be convertible, at the option of the holder, into one Class B Share for purposes of accepting an offer.

Issued and Outstanding

	SUBORDINATE SHARES		CLASS B SHARES		TOTAL	
	Number	Amount	Number	Amount	Number	Amount
Outstanding December 31, 2010	67,545,747	$ 265,249	3,119,269	$ 8,165	70,665,016	$ 273,414
Transactions during the year ended December 31, 2011						
Redeemed pursuant to substantial issuer bid	(10,000,000)	(39,866)	-	-	(10,000,000)	(39,866)
Redeemed pursuant to normal course issuer bid	(5,826,148)	(23,222)	-	-	(5,826,148)	(23,222)
Issuance of shares under the share incentive plan	5,993	140	-	-	5,993	140
Options exercised	8,000	107	-	-	8,000	107
Conversion from Class B Shares to Subordinate Shares	2,432	6	(2,432)	(6)	-	-
Outstanding December 31, 2011	**51,736,024**	**202,414**	**3,116,837**	**8,159**	**54,852,861**	**210,573**
Transactions during the year ended December 31, 2012						
Redeemed pursuant to normal course issuer bid	(912,900)	(3,646)	-	-	(912,900)	(3,646)
Issuance of shares under the share incentive plan	5,850	140	-	-	5,850	140
Options exercised	117,000	701	-	-	117,000	701
Conversion from Class B Shares to Subordinate Shares	504	1	(504)	(1)	-	-
Outstanding December 31, 2012	**50,946,478**	**$ 199,610**	**3,116,333**	**$ 8,158**	**54,062,811**	**$ 207,768**

Normal Course Issuer Bid

On March 29, 2012, the Corporation announced that it had received regulatory approval for the renewal of its normal course issuer bid from April 1, 2012 to March 31, 2013. Subject to certain conditions, the Corporation may purchase up to a maximum of 2,789,554 Subordinate Shares pursuant to these arrangements, representing approximately 10% of its public float at the time approval for the normal course issuer bid was granted.

During the year ended December 31, 2012, the Corporation purchased 912,900 Subordinate Shares (2011 – 5,826,148), having an aggregate stated capital value of $3,646,000 (2011 – $23,222,000), for cancellation pursuant to these arrangements. The Corporation paid $22,050,000 (2011 – $141,568,000) to retire these shares. The excess of the purchase price over the value of stated capital, which totalled $18,404,000 (2011 – $118,346,000), was recorded as a reduction in retained earnings.

Share Purchase Plan

As part of its share incentive arrangements (note 25), the Corporation established a share purchase plan pursuant to which eligible participants may contribute up to a specified maximum amount of their basic annual salary towards the purchase of Subordinate Shares of the Corporation, either from treasury or in the open market, at the discretion of the Corporation. Compensation expense associated with the share purchase plan during the year ended December 31, 2012 was $655,000 (2011 – $522,000).

During the year ended December 31, 2012, the Corporation issued 5,850 (2011 – 5,993) Subordinate Shares from treasury pursuant to the share purchase plan, with the balance of the amounts contributed to the share purchase plan being used to purchase shares in the open market.

Substantial Issuer Bid

On October 19, 2011, the Corporation completed a substantial issuer bid for the purchase and cancellation of 10,000,000 Subordinate Shares at a cost of $23.75 per share or $237,500,000 in aggregate. The cancellation of the 10,000,000 Subordinate Shares pursuant to the substantial issuer bid represented approximately 16.2% of the Subordinate Shares issued and outstanding immediately prior to completion of the transaction. The difference of $197,634,000 between the aggregate price paid to cancel the 10,000,000 Subordinate Shares and their stated capital value of $39,866,000 was recorded as a reduction of retained earnings. Transaction costs in respect of these arrangements were $701,000 and were charged to retained earnings.

21. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Net unrealized (loss) gains, net of taxes					
	Available-for-Sale Securities	Equity Accounted Investments	Foreign Currency Translation	Non-controlling Interest	Discontinued Operations	Total
Balance at December 31, 2010	$ 66,364	$ 7,620	$ (1,037)	$ 96	$ 17,152	$ 90,195
Transactions during the year ended December 31, 2011						
Other comprehensive (loss) income	(131,259)	(11,628)	490	2,210	(17,152)	(157,339)
Balance at December 31, 2011	(64,895)	(4,008)	(547)	2,306	-	(67,144)
Transactions during the year ended December 31, 2012						
Other comprehensive income (loss)	88,104	(5,212)	(681)	193	-	82,404
Balance at December 31, 2012	**$ 23,209**	**$ (9,220)**	**$ (1,228)**	**$ 2,499**	**$ -**	**$ 15,260**

22. NON-CONTROLLING INTEREST

As at December 31,	2012	2011
Non-controlling interest in:		
Dundee Realty Corporation	$ 108,537	$ 88,817
Dundee Securities Ltd.* (note 5)	-	83,056
Dundee Energy Limited	24,834	31,906
Blue Goose Capital Corp.	9,641	2,837
Other	4,152	4,859
	$ 147,164	**$ 211,475**

* Held through Dundee Capital Markets Inc.

23. REVENUES

For the years ended December 31,	2012	2011
Management fees	$ 61,893	$ 45,500
Financial services	102,688	101,638
Real estate	446,800	330,000
Oil and gas, net of royalties	30,482	35,818
Agriculture	7,872	178
Interest and dividends	52,546	60,905
	$ 702,281	**$ 574,039**

24. COST OF SALES

For the years ended December 31,		2012		2011
Variable compensation	$	54,010	$	50,265
Real estate expenses		335,718		241,311
Oil and gas expenses		13,483		12,957
Agriculture expenses		10,713		155
	$	**413,924**	**$**	**304,688**

Variable compensation is calculated as a percentage of financial services revenue.

Cost of sales relating to real estate include costs of development, which are primarily incurred through third-party trade sub-contractors, as well as an allocation of the cost of land, including acquisition costs and subsequent direct development and construction costs.

Oil and gas cost of sales include costs incurred to operate and maintain wells and related equipment and facilities and include items such as labour, repairs and maintenance, materials including fuel utilized in operating the wells and related equipment and facilities, property taxes and insurance costs.

Agriculture cost of sales include commissions to brokers and dealers, levies by regulatory agencies and commodity exchanges, and transfer taxes and duties.

25. SHARE INCENTIVE PLAN ARRANGEMENTS

The Corporation has established a share incentive plan (the "Plan") for its employees, officers and directors. The Plan includes a share purchase plan component (note 20), a share bonus plan component and a share option plan component.

At December 31, 2012, the aggregate maximum number of Subordinate Shares available under the Plan was 15,480,000, of which 6,959,369 were issued, 1,285,000 are issuable pursuant to awards that have been granted and remain outstanding and 7,235,631 remain available for issuance under the Plan.

The Corporation has also established a deferred share unit ("DSU") plan pursuant to which the Compensation Committee of the Board of Directors may issue discretionary awards to eligible participants based on certain criteria, including services performed or to be performed. At December 31, 2012, the aggregate maximum number of Subordinate Shares available under the DSU plan is 1,500,000, of which 61,222 have been issued, 1,224,644 are issuable pursuant to awards that have been granted and 214,134 remain available for issuance under the DSU plan. DSUs are redeemable when a participant is no longer a director, officer or employee of the Corporation or any of its subsidiaries by a one-time payment to the participant, based on the value of the underlying Subordinate Shares at that time.

Stock Based Compensation

During the year ended December 31, 2012, the Corporation recognized stock based compensation expense of $2,422,000 (2011 – $2,282,000) related to share incentive arrangements, before similar arrangements of its subsidiaries, as described in the following table.

For the years ended December 31,		2012		2011
Share option plan	$	1,067	$	1,080
Deferred share unit plan		1,355		1,202
	$	**2,422**	**$**	**2,282**

Share Option Plan

Under the terms of the Corporation's share option plan, the Corporation may issue options to eligible participants to purchase Subordinate Shares from treasury. The exercise price per option may not be less than the closing price of the Subordinate Shares as quoted on the TSX or such other stock exchange, as applicable, on the last trading day immediately preceding the day the options are granted. Options granted prior to January 1, 2004 become exercisable as to 33 1/3% of the Subordinate Shares on the first three anniversary dates following the date of grant and will expire 10 years thereafter. Options granted after December 31, 2003 become exercisable as to 20% of the Subordinate Shares on the first five anniversary dates following the date of grant and will expire five and a half years thereafter.

There were no share option awards granted in the years ended December 31, 2012 and 2011. A summary of the status of the Corporation's share option plan as at December 31, 2012 and 2011, and the changes during the years then ended, is as follows:

For the years ended December 31,		2012		2011
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	1,402,000	$9.09	1,533,000	$8.72
Exercised	(117,000)	$5.58	(131,000)	$4.80
Outstanding, end of year	**1,285,000**	**$9.40**	**1,402,000**	**$9.09**
Exercisable options	759,000	$9.40	613,000	$8.67

Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Options Exercisable
Options issued with an exercise price of $9.40	1,265,000	2.12	749,000
Options issued with an exercise price of $9.67	20,000	2.12	10,000

Share Bonus Plan

The Corporation's share bonus plan permits Subordinate Shares of the Corporation to be issued from treasury or purchased in the market as a discretionary bonus to eligible participants from time to time pursuant to the terms of the Plan. There were no shares issued or awards granted under the terms of the share bonus plan during the years ended December 31, 2012 and 2011.

Deferred Share Unit Plan

During the year ended December 31, 2012, the Corporation issued 158,138 (2011 – 252,833) DSUs to certain employees and directors of the Corporation, each DSU entitling the holder thereof to a Subordinate Share on retirement. In addition, during the year ended December 31, 2012, the Corporation redeemed 49,843 DSUs for cash of $1,099,000 following the retirement of a director.

Share Option Plan of Dundee Energy

Dundee Energy has established a share incentive plan for its directors, officers and employees. As at December 31, 2012, Dundee Energy had 3,815,000 share options outstanding (2011 – 5,665,000) at a weighted average exercise price of $0.77 (2011 – $0.92), of which 3,548,332 share options were exercisable at December 31, 2012 (2011 – 4,593,332). Dundee Energy also has a deferred share unit plan pursuant to which, at December 31, 2012, there were 945,310 (2011 – 603,830) deferred share units outstanding.

During the year ended December 31, 2012, compensation expense of $455,000 (2011 – $885,000) was recognized in respect of Dundee Energy's share option arrangements and deferred share unit arrangements.

Stock Based Compensation of Other Subsidiaries

From time to time, other subsidiaries of the Corporation may incur stock based compensation expense pursuant to their respective share incentive plan arrangements. During the year ended December 31, 2012, these subsidiaries incurred stock based compensation expense of $278,000 (2011 – $3,000) relating to options granted pursuant to these arrangements.

26. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

For the years ended December 31,	2012	2011
Salary and salary-related	$ 70,660	$ 78,657
Corporate and professional fees	30,873	36,384
General office	38,449	32,669
Capitalized expenditures	(13,897)	(13,351)
Expense recoveries	(2,236)	(1,759)
Other	5,982	5,477
	$ 129,831	$ 138,077

27. INCOME TAXES

During the year ended December 31, 2012, the Corporation recognized an income tax expense amount on earnings from continuing operations of $31,925,000 (2011 – $50,953,000), the major components of which include the following items:

For the years ended December 31,	2012	2011
Current income tax expense	$ 59,138	$ 14,776
Deferred income tax (recovery) expense	(27,213)	36,177
Total income tax expense	**$ 31,925**	**$ 50,953**

In addition, the Corporation recognized income tax amounts in respect of discontinued operations for 2011 of $153,796,000. Income tax expense on discontinued operations in 2011 included $143,809,000 in respect of the gain on sale of DundeeWealth (note 30).

The income tax expense amount on pre-tax earnings from continuing operations differs from the income tax expense amount that would arise using the combined Canadian federal and provincial statutory tax rate of 26% (2011 – 28%), as a result of the following items:

For the years ended December 31,	2012	2011
Earnings before tax at statutory rate of 26% (2011 – 28%)	$ 16,955	$ 63,335
Effect on taxes of:		
Non-deductible expenses	12,113	5,543
Non-taxable revenue	(11,248)	(21,558)
Change in substantively enacted income tax rates	6,811	-
Remeasurement of deferred income taxes	(244)	(3,492)
Net income tax not previously recognized	128	596
Net Part IV tax, net of dividend refund of $5,425 (2011 – $13,056)	5,296	3,705
Change in unrecognized temporary differences	2,274	1,244
Other differences	(160)	1,580
Income tax expense	**$ 31,925**	**$ 50,953**

The movement in the deferred income tax assets and liabilities during the years ended December 31, 2012 and 2011, and the net components of the Corporation's net deferred income tax liabilities are as follows:

Deferred Tax Assets	Loss Carry Forwards	Capital and Other Assets	Non Deductible Reserves	Accrued Liabilities	Other	TOTAL
Balance, December 31, 2010	$ 45,311	$ 1,202	$ 813	$ 1,547	$ 7,887	$ 56,760
(Charged) credited to the statement of operations	(28,278)	465	34	231	3,084	(24,464)
(Charged) credited to discontinued operations	-	-	-	-	(1,152)	(1,152)
Balance, December 31, 2011	17,033	1,667	847	1,778	9,819	31,144
(Charged) credited to the statement of operations	(6,990)	(283)	574	1,457	6,205	963
Balance, December 31, 2012	$ 10,043	$ 1,384	$ 1,421	$ 3,235	$ 16,024	$ 32,107

Deferred Tax Liabilities	Investments and Equity Accounted Investments	Real Estate Assets	Other	TOTAL
Balance, December 31, 2010	$ (34,839)	$ (29,388)	$ (13,796)	$ (78,023)
(Charged) credited to the statement of operations	3,817	(9,874)	(4,963)	(11,020)
(Charged) credited to equity	26	-	-	26
(Charged) credited to discontinued operations	(142,657)	-	-	(142,657)
(Charged) credited to the statement of comprehensive income	29,598	194	-	29,792
Balance, December 31, 2011	(144,055)	(39,068)	(18,759)	(201,882)
(Charged) credited to the statement of operations	48,549	(19,464)	(2,835)	26,250
(Charged) credited to the statement of comprehensive income	(9,566)	(147)	-	(9,713)
Balance, December 31, 2012	$ (105,072)	$ (58,679)	$ (21,594)	$ (185,345)

A deferred income tax asset is only recognized when management believes it is more likely than not that the benefit will be recognized.

Under the Income Tax Act, the Corporation is subject to a 33.33% refundable tax on certain Canadian dividends received. This tax will be refunded to the Corporation at a rate of $1.00 for every $3.00 of taxable dividends paid in the future. The accumulated amount of refundable dividend tax at December 31, 2012 was $9,001,000 (2011 – $3,705,000). The potential benefit of this amount has not been reflected in these consolidated financial statements.

At December 31, 2012, the Corporation had approximately $360,000,000 (2011 – $200,000,000) of temporary differences in respect of its investments in subsidiaries for which no deferred tax liability has been recognized on the basis that such differences are not expected to reverse in the foreseeable future.

At December 31, 2012, the Corporation had operating loss carry forwards of $52,199,000 (2011 – $69,343,000). Operating loss carry forwards by year of expiry are summarized below.

Year of Expiry:	Recognized	Unrecognized	Total
2014	$ -	$ 9	$ 9
2015	-	40	40
Thereafter	31,845	20,305	52,150
	$ 31,845	$ 20,354	$ 52,199

28. NET EARNINGS PER SHARE

		2012		2011
Net earnings attributable to owners of the parent	$	10,826	$	1,014,639
Less: dividends on Preference Shares, series 2		(8,775)		(8,775)
	$	2,051	$	1,005,864
Represented by:				
Continuing operations	$	2,051	$	144,706
Discontinued operations		-		861,158
Weighted average number of shares outstanding during the year		54,713,944		64,751,555
Basic earnings per share				
Continuing operations	$	0.04	$	2.23
Discontinued operations		-		13.30
	$	0.04	$	15.53
Effect of dilutive securities on weighted average number of shares outstanding during the year		2,005,733		1,857,867
Diluted earnings per share				
Continuing operations	$	0.04	$	2.17
Discontinued operations		-		12.93
	$	0.04	$	15.10

29. SUPPLEMENTAL CASH FLOWS INFORMATION

Items not affecting Cash and Other Adjustments

For the years ended December 31,		2012		2011
Gain on sale of discontinued operations, net of taxes (note 30)	$	-	$	(870,828)
Loss (gain) on sale of equity accounted investments (note 10)		323		(95,572)
Distributions from equity accounted investments		21,765		23,007
Depreciation and depletion (notes 12, 13 and 15)		39,819		21,979
Realized loss from investments (note 9)		77,935		23,538
Share of earnings from equity accounted investments (note 10)		(35,070)		(61,847)
Fair value changes in investment properties (note 12)		(9,705)		(3,813)
Fair value changes in livestock (note 14)		(3,846)		-
Unrealized loss (gain) on derivative financial instruments (note 7)		921		(5,285)
Reclamation expenditures (note 18)		(1,440)		(1,450)
Deferred income taxes (note 27)		(27,213)		36,177
Stock based compensation (note 25)		3,155		3,170
Other		4,390		1,040
	$	**71,034**	**$**	**(929,884)**

Changes in Non-Cash Working Capital Items

For the years ended December 31,	2012	2011
Accounts receivable	$ (4,291)	$ 6,259
Accounts payable and accrued liabilities	25,746	(39,811)
Income taxes payable	47,585	(19,011)
Brokerage securities owned and sold short, net	(33,991)	134,563
Client accounts receivable, net of client deposits and related liabilities	(27,854)	15,208
Land, housing and condominium inventory	(150,461)	(31,057)
Other real estate working capital	136,489	16,920
Other agricultural working capital	1,288	-
	$ (5,489)	**$ 83,071**

30. DIVESTMENT OF DUNDEEWEALTH INC.

On February 1, 2011, the Corporation sold its 48% interest in DundeeWealth to Scotiabank, pursuant to an offer made by Scotiabank on November 22, 2010. In exchange, the Corporation received 18,599,028 common shares of Scotiabank valued at $1,046,528,000 and 14,897,209 $25 3.70% 5-year rate reset preferred shares of Scotiabank valued at $372,430,000. In addition, the Corporation received a cash dividend of $155,982,000 and a dividend-in-kind of 74,484,956 common shares of Dundee Capital Markets pursuant to distributions made by DundeeWealth immediately prior to completion of the transaction as described above. The Corporation realized a gain of $870,828,000 from the divestment of its investment in DundeeWealth.

The operating performance of DundeeWealth prior to completion of the transaction with Scotiabank has been included in the Corporation's consolidated statements of operations and comprehensive income for the comparative year ended December 31, 2011 as "*Discontinued Operations – Loss from operations of DundeeWealth Inc., net of taxes*" and was comprised of the following amounts:

	For the period from January 1, 2011 to February 1, 2011
Revenues	$ 83,958
Other items in net loss	(93,971)
Net loss before income taxes	(10,013)
Income taxes	(9,987)
Net loss for the period	$ (20,000)
Net loss attributable to:	
Owners of the parent	$ (9,670)
Non-controlling interest	(10,330)
	$ (20,000)
Net loss for the period	$ (20,000)
Other comprehensive loss for the period, net of associated taxes of $3,061	(8,378)
Comprehensive loss for the period	$ (28,378)
Comprehensive loss attributable to:	
Owners of the parent	$ (13,676)
Non-controlling interest	(14,702)
	$ (28,378)

In connection with the transaction, each of the Corporation and Ned Goodman, the Corporation's President and Chief Executive Officer, entered into a non-competition and non-solicitation agreement with Scotiabank which, among other things, restricts each of them for a period of three years ending February 1, 2014, from competing directly or indirectly with the business of DundeeWealth acquired by Scotiabank.

31. FINANCIAL INSTRUMENTS

Measurement Categories

The Corporation's financial instruments have been classified into categories that determine their basis of measurement and, for items at fair value, whether changes in fair value are recognized in the consolidated statements of operations or in OCI. The following table illustrates the carrying values of financial instruments and their classification.

At December 31, 2012 and 2011, the carrying value of the Corporation's financial instruments approximated their fair value, with the exception of the Corporation's Preference Shares, series 1 which, at December 31, 2012 had a fair value of $157,440,000 (2011 – $155,880,000) compared with their carrying value of $148,773,000 (2011 – $148,423,000).

	As at	
	December 31, 2012	December 31, 2011
Financial Assets		
Fair value through profit or loss		
Brokerage securities owned		
Bonds	$ 22,229	$ 18,092
Equities	51,570	17,605
Other	882	1,903
Derivative financial assets	5,135	6,056
Available-for-sale		
Investments		
Publicly traded equity securities	798,915	1,258,259
Private investments	237,902	133,563
Mutual funds and other short-term investments	6,894	5,785
Publicly traded debt securities	72,523	12,750
Loans and receivables		
Cash	41,824	213,523
Accounts receivable	315,607	308,101
Client accounts receivable	332,627	270,526
Investments		
Debt securities	112,278	74,612
Financial Liabilities		
Fair value through profit or loss		
Brokerage securities sold short		
Bonds	(16,897)	(12,654)
Equities	(392)	(1,545)
Derivative financial liabilities	-	-
Amortized cost		
Accounts payable and accrued liabilities	261,850	207,497
Client deposits and related liabilities	364,198	329,951
Corporate debt	333,062	546,597
Preference Shares, series 1	148,773	148,423

Fair Value of Financial Instruments

The Corporation classifies the fair value of its financial instruments according to the following hierarchy, which is based on the amount of observable inputs used to value the instrument:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to the valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

The following table classifies financial instruments that are recognized in the Corporation's consolidated statements of financial position at fair value in accordance with the fair value hierarchy described above.

	As at	
	December 31, 2012	December 31, 2011
Level 1		
Brokerage securities owned - Equities	$ 51,570	$ 17,605
Brokerage securities sold short - Equities	(392)	(1,545)
Investments - Publicly traded equity securities	798,915	1,258,259
Investments - Publicly traded debt securities	72,523	12,750
Investments - Mutual funds and other short term investments	6,894	5,785
Level 2		
Brokerage securities owned - Bonds	22,229	18,092
Brokerage securities sold short - Bonds	(16,897)	(12,654)
Brokerage securities owned - Other	882	1,903
Investments - Private investments	237,902	133,563
Derivative financial assets	5,135	6,056

There were no financial instruments included in level 3 of the fair value hierarchy at December 31, 2012 and December 31, 2011.

Risk Management

The Corporation is exposed to financial risks due to the nature of its business and the financial assets and liabilities that it holds. The Corporation's overall risk management strategy seeks to minimize potential adverse effects on the Corporation's financial performance.

Market Risk

Market risk is the risk that a material loss may arise from fluctuations in the fair value of a financial instrument. For purposes of this disclosure, the Corporation segregates market risk into three categories: fair value risk including changes in the fair values of commodities, interest rate risk and currency risk.

Fair Value Risk

Fair value risk is the potential for loss from an adverse movement, excluding movements relating to changes in interest rates and foreign exchange currency rates, because of changes in market prices. The following table illustrates the effect to net earnings and OCI, before associated income taxes and non-controlling interest, of a 3% absolute change in the fair value of brokerage securities owned and sold short, and in the fair value of the Corporation's portfolio of equity securities classified as AFS.

	2012				2011			
		Net earnings		Effect on OCI		Net earnings		Effect on OCI
Brokerage securities owned, net of brokerage securities sold short	$	1,340	$	n/a	$	460	$	n/a
Investments classified as AFS		n/a		24,174		n/a		37,921

In 2011, in order to mitigate its exposure to adverse changes in commodity prices, Dundee Energy entered into certain risk management contracts (note 7). These risk management contracts are recognized in the consolidated financial statements at fair value.

The fair value of these risk management contracts is primarily driven by prices of the underlying commodities. Accordingly, the Corporation is exposed to fair value risk in respect of these contracts that is partially correlated to changes in commodity prices. A $1.00 change in the price of crude oil on a per barrel basis would result in a change to net earnings of $16,000 (2011 – $185,000) before associated income taxes. There are no outstanding natural gas risk management contracts at December 31, 2012. During the year ended December 31, 2011, a $0.10 change to the price of natural gas on a per thousand cubic foot basis would result in a change in net earnings of $236,000 before associated income taxes. The results of this sensitivity analysis should not be considered predictive of future performance. Changes in the fair value of the derivative crude oil and natural gas contracts cannot generally be extrapolated because the relationship of changes in certain variables to changes in fair value may not be linear.

Interest Rate Risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Corporation does not measure the effects of interest rate risk on its equity investments designated as AFS in isolation.

The Corporation is exposed to interest rate risk on its variable rate corporate debt and on client account margin loans and credit balances. To a lesser extent, the Corporation is also exposed to interest rate risk on cash and on amounts related to securities borrowing activities. The following table illustrates the effect to net earnings, before associated income taxes and non-controlling interest, of a 50 basis point absolute change in market interest rates to these items.

	Effect on Net Earnings			
For the year ended December 31,		2012		2011
Variable rate corporate debt	$	2,006	$	2,069
Client account margin loans and credit balances		515		441

Interest on real estate debt that is being used to finance land, housing and condominium projects are capitalized to the cost of inventory. A 50 basis point absolute change in market interest rates would change the carrying value of inventory by $318,000 (2011 – $252,000).

Currency Risk

The Corporation is exposed to foreign exchange transaction and translation risk due to the volatility of foreign exchange rates, primarily arising on its U.S. dollar and Euro denominated investments, as well as on its corporate borrowings, to the extent that such borrowings were drawn in a foreign currency.

Dundee Securities enters into forward foreign exchange contracts to manage currency risk on pending securities settlements in currencies other than the Canadian dollar. At December 31, 2012, the notional value of outstanding forward foreign exchange contracts was $202,347,000 (2011 – $251,020,000). Given the short-term nature of these foreign exchange contracts, any changes in fair value stemming from reasonably possible changes in foreign exchange rates would have a nominal effect on net earnings.

Dundee Energy is exposed to the risk of changes in the Canadian to U.S. dollar exchange rate on sales of natural gas. A 3% change in the foreign exchange translation rate of Canadian to U.S. dollars would result in a change to net earnings of approximately $341,000 (2011 – $245,000), before associated income taxes.

Dundee Energy also has foreign exchange exposure to the Euro through an amount receivable, which is denominated in Euros, and through its investment in Escal. A 3% change in the foreign exchange translation rate of Euros to Canadian dollars relating to the amount receivable would result in a change to net earnings of approximately $17,000 (2011 – $17,000), before associated income taxes.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

One of the primary sources of credit risk to Dundee Securities arises when it extends credit to clients to purchase securities by way of margin lending. Dundee Securities faces a risk of financial loss in the event a client fails to meet a margin call if market prices for securities held as collateral decline and if Dundee Securities is unable to recover sufficient value from the collateral held. Amounts loaned to any client are limited by Dundee Securities' credit limits, which are generally more restrictive than those required by applicable regulatory policies. To minimize the financial risks associated with client margin activities, Dundee Securities applies certain credit standards and monitors credit exposure to individual counterparties on an ongoing basis.

Dundee Securities manages its credit risk in certain types of trading activities through the establishment of aggregate limits by individual counterparty, reviewing security and loan concentrations and marking-to-market collateral provided on certain transactions. Historically, Dundee Securities has not incurred any material loss arising from a counterparty default.

Dundee Realty's assets consist of land, housing and condominium inventory and rental properties. Credit risk arises from the possibility that builders who purchased land and housing inventory from Dundee Realty may not fulfill their contractual obligations to repay the outstanding amounts. Dundee Realty mitigates its credit risk by requiring graduated deposits from buyers and by withholding real estate titles until final payments are received. Credit risk is also mitigated by dealing only with builders and other third-party buyers that Dundee Realty considers to have secure financial standing, and by diversifying the mix of builders and markets.

Credit risk also arises from the possibility that tenants in rental properties may not fulfill their lease or contractual obligations. Dundee Realty mitigates this credit risk by attracting tenants of sound financial standing and by diversifying its mix of tenants. It also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis.

Dundee Energy's accounts receivable are with customers for its oil and gas production, and with its working interest partners in oil and natural gas development and production activities. Dundee Energy currently markets its production to customers with investment grade credit ratings. Otherwise, Dundee Energy may seek parental guarantees and/or letters of credit prior to transacting with such customers. The majority of Dundee Energy's revenue is from four core customers, who individually accounted for 66%, 14%, 10% and 8% (2011 – 58%, 16%, 13% and 12%) of total oil and gas revenue. Of Dundee Energy's individual accounts receivable due from these customers, approximately 58% (2011 – 64%) was due from one marketer.

Dundee Energy will also have amounts receivable from its working interest partners. Collection of the outstanding balances may be dependent on industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling. Dundee Energy attempts to mitigate the risk of non-payment related to working interest receivables by obtaining pre-approval of significant capital expenditures. Where Dundee Energy is the operator of properties, it has the ability to withhold production from joint venture partners in the event of non-payment.

Blue Goose's accounts receivable are with customers for its processed meat sales, fish sales, trucking sales and custom farming sales. These amounts expose Blue Goose to risk for non-payment. Blue Goose's maximum exposure to credit risk relating to these items approximates the carrying amount of these assets on the Corporation's consolidated statements of financial position.

Approximately 50% of beef sales are to a leading retailer of natural and organic foods and the marketing of products has historically been focused on western Canada.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation manages its liquidity risk through the management of its capital structure and financial leverage.

The following table summarizes the maturity profile of the Corporation's financial liabilities as at December 31, 2012.

	Carrying Amount	Contractual Term to Maturity
Accounts payable and accrued liabilities, including income taxes payable	$ 309,648	Typically due within 20 to 90 days
Client deposits and related liabilities	364,198	Due on demand
Corporate debt	333,062	Subject to term facilities (note 17)
Preference Shares, series 1	148,773	Retractable by holder after June 30, 2016
Current portion of decommissioning liabilities	1,796	Expected settlement in 2013
	$ 1,157,477	

Real estate debt creates specific liquidity risk. Dundee Realty uses various debt and equity ratios to monitor its capital adequacy and debt requirements including interest coverage, minimum net worth, debt average term to maturity and the ratio of variable debt to aggregate debt. These ratios assist Dundee Realty in assessing its debt level in order to ensure adequate cash flow for real estate development. Dundee Realty manages maturities of outstanding debt by matching them to project closing dates, and it monitors the repayment dates to ensure sufficient capital will be available to cover obligations.

Principal Repayments	Mortgages	Demand Revolving Credit Facilities	Land Mortgages	Housing Advances	Term Debt	TOTAL
2013	$ 577	$ 45,000	$ 18,295	$ 95,372	$ 12,663	$ 171,907
2014	4,472	-	17,877	-	447	22,796
2015	663	-	17,700	-	2,297	20,660
2016	13,032	-	-	-	128	13,160
2017	383	-	-	-	4,503	4,886
2018 and thereafter	318	-	-	-	45	363
Total	$ 19,445	$ 45,000	$ 53,872	$ 95,372	$ 20,083	$ 233,772
Adjusted for:						
Deferred financing	(81)	-	-	-	(118)	(199)
As at December 31, 2012	$ 19,364	$ 45,000	$ 53,872	$ 95,372	$ 19,965	$ 233,573

Market Risk in Assets under Management

The Corporation's AUM are exposed to various forms of market risk including, but not limited to fair value risk, interest rate risk and currency risk. These risks transfer to the Corporation through the generation of management fee revenues.

Equity Accounted Investments

The various risk factors discussed above may also impact the Corporation's equity accounted investments and therefore impact future net earnings and OCI. The Corporation, however, does not measure or monitor these risks in isolation.

32. CAPITAL MANAGEMENT

The Corporation defines the capital that it manages as the aggregate of its shareholders' equity and interest bearing debt, including outstanding preference shares. The following table summarizes the carrying value of the Corporation's capital as at December 31, 2012 and December 31, 2011.

As at December 31,		2012		2011
Shareholders' equity	$	1,867,985	$	1,807,272
Corporate debt		333,062		546,597
Preference Shares, series 1		148,773		148,423
	$	**2,349,820**	**$**	**2,502,292**

The Corporation's objectives when managing capital include (i) ensuring that the Corporation and all of its regulated entities meet relevant regulatory capital requirements; (ii) ensuring that the Corporation is able to meet its financial obligations as they become due, whilst ensuring compliance with all applicable debt covenants; (iii) ensuring that the Corporation has sufficient capital to manage business activities in each of its operating segments; (iv) ensuring that the Corporation has sufficient capital available to benefit from acquisition opportunities, should they arise; and (v) ensuring adequate returns for shareholders. The Corporation regularly assesses its capital management practices in response to changing economic conditions.

Certain of the Corporation's subsidiaries are subject to regulatory capital requirements. Compliance with these requirements requires that the subsidiaries maintain sufficient cash and other liquid assets on hand to maintain regulatory capital requirements, rather than using these liquid assets in connection with its business or otherwise. As at December 31, 2012 and December 31, 2011, the Corporation and its subsidiaries complied with all regulatory capital requirements and all debt covenants.

33. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

Commitments

Lease Commitments

The Corporation and its subsidiaries have lease agreements for premises and equipment pursuant to which future minimum annual lease payments, exclusive of operating costs and realty taxes, are as follows:

		Operating lease payments
Less than 1 year	$	13,050
Between 1 and 5 years		35,786
Thereafter		22,974

Real Estate Commitments

The Corporation has entered into a shareholders' agreement with the non-controlling shareholder of Dundee Realty pursuant to which the Corporation has agreed to repurchase the interest of the non-controlling shareholder in certain circumstances at its fair value at the time of purchase.

Dundee Realty had commitments under land purchase agreements totalling $46,851,000 as at December 31, 2012 (2011 – $55,358,000) which will become payable in future periods upon the satisfaction of certain conditions pursuant to these agreements.

Resource Commitments

In November 2012, the Tunisian authorities approved a renewal of the Sfax offshore exploration permit (the "Sfax Permit") to December 8, 2015 (the "First Renewal Period") to Eurogas International Inc. ("EII"), the Corporation's 53% owned subsidiary, and EII's joint venture partner. EII is committed to drilling two exploration wells prior to the expiry of the First Renewal Period. The actual cost of drilling these wells will depend on the selection of the prospect and location within the Sfax Permit. Based on current information, EII estimates that its share of the cost to meet the first drilling commitment ranges between US$6 million and US$9 million. EII has not yet completed its assessment of the costs associated with the second drilling commitment. In the event that these drilling commitments are not completed prior to the expiry of the First Renewal Period, a compensatory payment of up to US$8 million per well will be payable to the Tunisian government by EII and its joint venture partner, less any amounts incurred in respect of the completion of these commitments. EII is currently exploring options to raise the necessary funding to complete these commitments.

Asset Management Commitments

In the normal course of its asset management business, the Corporation may invest in structures or investment products that require an upfront commitment, which the Corporation will fund in the future on a drawdown basis. The Corporation's consolidated financial statements do not report the amount of the commitment. Instead, amounts drawn are recorded in the cost of the investment as incurred.

The Corporation may also commit to providing credit facilities to investee companies. Generally, the Corporation's commitments under these types of arrangements are short-term in nature and are extended to provide temporary bridge financing arrangements to investee companies in expectation of future equity or debt issuances.

Contingencies

Legal Contingencies

As part of the business reorganization of the capital markets activities of DundeeWealth (note 30), Dundee Capital Markets agreed to indemnify certain subsidiaries of DundeeWealth with respect to certain claims. In 2011, Sino-Forest Corporation ("Sino-Forest") was delisted from the TSX, following allegations of securities violations. One of the parties indemnified by Dundee Capital Markets participated in underwriting syndicates in respect of several public equity offerings by Sino-Forest. The indemnified party is a defendant in at least one lawsuit brought by shareholders of Sino-Forest, alleging securities law and other violations. Sino-Forest received an order for creditor protection in March 2012 and its Companies' Creditors Arrangement Act plan was implemented in January 2013. In April 2012, Sino-Forest and certain of its current and former executives received enforcement notices from the Ontario Securities Commission and the regulator commenced formal proceedings against them alleging fraud and securities law violations in May 2012. Dundee Capital Markets cannot reliably estimate the timing and quantification of any exposure it may have as a result of the Sino-Forest underwritings.

The Corporation is also a defendant in various other legal actions. The defenses to these claims and the quantification of damages are yet to be determined and the amount of the loss, if any, cannot be determined at this time. The Corporation intends to vigorously defend itself against all legal claims. Although the ultimate outcome of these matters cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, it is the opinion of management, based on information currently available, that these are not material liabilities, adequate provisions have been made for any liabilities and the resolution of these matters will not have a material adverse effect on the consolidated financial position of the Corporation.

Off-Balance Sheet Arrangements

Indemnification Agreements

In the normal course of business, the Corporation executes agreements that provide for indemnifications to third parties in transactions such as business combinations. The Corporation has also agreed to indemnify its directors and officers and those of certain of its subsidiaries and to indemnify members of the Board of Governors of its managed products, to the extent permitted under corporate law, against costs and damages that may be incurred by such individuals as a result of lawsuits or any other proceedings in which they are sued as a result of their service. The nature of these agreements precludes the possibility of making a reasonable estimate of the maximum potential amount the Corporation could be required to pay third parties, as the agreements often do not specify a maximum amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined. Historically, the Corporation has not made any payments under such indemnification agreements. No amounts have been recorded in these consolidated financial statements with respect to these indemnifications.

Pledge of Interest in Scotiabank

The Corporation deposited certain of its holdings in common shares of Scotiabank as security against its credit facility arrangements with a Canadian Schedule 1 Chartered Bank (note 17).

Guarantees Issued in the Normal Course of Business

The Corporation and its operating subsidiaries may become liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time. In the opinion of management, any liability that may arise from such commitments would not have a material adverse effect on the consolidated financial statements of the Corporation.

Real Estate Arrangements

Letters of Credit and Surety Bonds

At December 31, 2012, Dundee Realty was contingently liable for letters of credit and surety bonds in the amount of $80,690,000 (2011 – $60,520,000) to support land and condominium developments and $45,174,000 (2011 – $42,872,000) to support its equity accounted investments.

Joint Ventures and Co-ownerships

Dundee Realty may conduct its real estate activities from time to time through joint ventures with third party partners. At December 31, 2012, Dundee Realty was contingently liable for the obligations of the other owners of the unincorporated joint ventures in the amount of $67,423,000 (2011 – $41,800,000). Dundee Realty would have available to it the other venturers' share of assets to satisfy any obligations that may arise.

Resource Arrangements

On December 31, 2012, Dundee Energy had issued a letter of credit for $3,270,000 (2011 – $3,270,000) in favour of the Ministry of Natural Resources in connection with future abandonment and site restoration costs.

34. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, related party transactions and balances as at and for the years ended December 31, 2012 and 2011 are as described below.

Dundee Securities

Dundee Securities, its subsidiaries and its sister companies, in the course of their regular business activities, conduct routine transactions with the Corporation and with the Corporation's affiliates, including the Corporation's equity accounted investments. Generally, transactions between Dundee Securities, the Corporation and these related entities, are conducted on normal market terms and are recorded at their exchange value.

Financial Services Revenue

The Corporation may trade securities through registered brokers on behalf of its asset management clients and other discretionary client portfolios. These transactions may be conducted through Dundee Securities in accordance with a rate schedule. In addition, Dundee Securities may facilitate the purchase and sale of foreign currencies on behalf of these clients.

Dundee Securities may participate in corporate finance related activities, including financial advisory activities for the Corporation, its subsidiaries and affiliates, including equity accounted investments and fiduciary accounts managed by the Corporation.

Officers, directors and employees of the Corporation, its subsidiaries and other related parties may make use of the facilities of Dundee Securities.

Real Estate

Transactions with Certain Officers of the Corporation

In 2005, and in accordance with employment arrangements made with a non-executive officer of Dundee Realty, Dundee Realty agreed to sell 4% of its interest, net of debt, in The Distillery Historic District to such officer at Dundee Realty's cost of approximately $365,000 and agreed to permit such officer to participate to the extent of 10% in a loan made to certain co-owners of The Distillery Historic District. The balance of the loan at December 31, 2012 was $71,000 (2011 – $71,000).

Dundee Realty provided a loan to a non-executive officer. At December 31, 2012, the amount outstanding was $411,000 (2011 – $432,000). The loan bears interest at 3% per annum, is subordinated to a third party lender to the officer and is secured by a deed of trust on a residential property.

Dundee Realty Asset Management Agreement

Dundee Realty has entered into asset management agreements with Dundee REIT, Dundee Industrial Real Estate Investment Trust and Dundee International REIT. The asset management agreements provide for a broad range of services, the remuneration for which includes: a base annual management fee, an incentive fee based on exceeding certain benchmarks relating to funds from operations and certain other fees as defined in the agreements. In addition, Dundee Realty has an administration services agreement with Dundee REIT pursuant to which Dundee REIT provides certain administration services to Dundee Realty and its subsidiaries. During the year ended December 31, 2012, Dundee Realty received fees, on a net basis, of $35,458,000 (2011 – $16,006,000) pursuant to these agreements.

Compensation of Key Management

Compensation and other fees paid to directors of the Corporation and to each of the Corporation's President and Chief Executive Officer, the Vice-President and Chief Financial Officer, and certain other senior executives of the Corporation are shown in the table below.

For the years ended December 31,	2012	2011
Directors fees	$ 1,965	$ 1,782
Salaries and benefits	8,710	7,622
Stock based compensation	1,085	1,112
	11,760	**10,516**

In addition to amounts shown in the table above, during the year ended December 31, 2011, the Corporation paid $13,800,000 to certain executives in respect of the Corporation's divestment of DundeeWealth (note 30).

35. SEGMENTED INFORMATION

The Corporation's reportable business segments are organized in a manner that reflects how management views those business activities. The tabular information that follows shows data of reportable segments reconciled to amounts reflected in these consolidated financial statements.

Business Entity	*Business Activity*
Dundee Realty Corporation	70%-owned private subsidiary operating in the land and housing business both in Canada and the United States
Dundee Energy Limited	57%-owned publicly listed subsidiary in the oil and gas industry with operations in southern Ontario and Spain
Eurogas International Inc.	53%-owned publicly listed subsidiary engaged in oil and gas exploration in Tunisia
Nichromet Extraction Inc.	75%-owned private subsidiary developing patented sustainable precious and base metals extraction processes
Blue Goose Capital Corp.	83%-owned private subsidiary operating in organic and natural protein production markets for beef, chicken and fish
Goodman Investment Counsel Inc.	100%-owned private subsidiary registered as a portfolio manager and exempt market dealer across Canada and an investment fund manager in Ontario, Quebec and Newfoundland
Dundee Securities Ltd.	100%-owned private subsidiary and a full-service Canadian investment dealer registered with the Investment Industry Regulatory Organization of Canada
Corporate and Other Portfolio Holdings	Investments in public and private equity and debt securities in diversified industry segments

Segmented Operations for the year ended December 31, 2012

	Revenue	Cost of Sales	Other Amounts in Earnings	Net Earnings
Real estate industry				
Dundee Realty Corporation	$ 495,294	$ (340,260)	$ (20,307)	$ 134,727
Resource industry				
Dundee Energy Limited	30,626	(13,483)	(39,724)	(22,581)
Eurogas International Inc.	-	-	(787)	(787)
Nichromet Extraction Inc.	6	-	(3,645)	(3,639)
Agriculture industry				
Blue Goose Capital Corp.	9,105	(10,713)	(1,075)	(2,683)
Asset management and capital markets				
Goodman Investment Counsel Inc.	3,359	-	(7,463)	(4,104)
Dundee Securities Ltd.	126,194	(54,010)	(65,063)	7,121
	664,584	(418,466)	(138,064)	108,054
Corporate and other portfolio holdings	49,791	-	(93,862)	(44,071)
Intersegment	(12,094)	4,542	7,552	-
	$ 702,281	$ (413,924)	$ (224,374)	$ 63,983
		Income tax expense		(31,925)
		Non-controlling interest		(21,232)
NET EARNINGS ATTRIBUTABLE TO OWNERS OF DUNDEE CORPORATION				$ 10,826

Segmented Operations for the year ended December 31, 2011

	Revenue	Cost of Sales	Other Amounts in Earnings	Net Earnings
Real estate industry				
Dundee Realty Corporation	$ 354,362	$ (244,748)	$ (26,718)	$ 82,896
Resource industry				
Dundee Energy Limited	35,835	(12,957)	(25,342)	(2,464)
Eurogas International Inc.	-	-	(729)	(729)
Nichromet Extraction Inc.	5	-	(3,385)	(3,380)
Agriculture industry				
Blue Goose Capital Corp.	178	(155)	(716)	(693)
Asset management and capital markets				
Goodman Investment Counsel Inc.	5,191	-	(4,699)	492
Dundee Securities Ltd.	121,708	(50,265)	(61,521)	9,922
	517,279	(308,125)	(123,110)	86,044
Corporate and other portfolio holdings	64,808	-	73,342	138,150
Intersegment	(8,048)	3,437	4,611	-
	$ 574,039	$ (304,688)	$ (45,157)	$ 224,194
		Discontinued operations		850,828
		Income tax expense		(50,953)
		Non-controlling interest		(9,430)
NET EARNINGS ATTRIBUTABLE TO OWNERS OF DUNDEE CORPORATION				$ 1,014,639

Segmented Net Assets as at December 31, 2012

	ASSETS				LIABILITIES			
	Cash	Investments	Other Assets	TOTAL	Corporate Debt	Deferred Income Taxes	Other Liabilities	TOTAL
Real estate industry								
Dundee Realty Corporation	$ 8,487	$ 67,388	$ 828,553	$ 904,428	$ (233,573)	$ (63,709)	$ (179,706)	$ (476,988)
Resource industry								
Dundee Energy Limited	125	-	160,229	160,354	(62,633)	9,276	(49,308)	(102,665)
Eurogas International Inc.	8	-	10,373	10,381	-	-	(140)	(140)
Nichromet Extraction Inc.	1,377	-	7,198	8,575	-	-	(216)	(216)
Agriculture industry								
Blue Goose Capital Corp.	-	-	62,204	62,204	(1,067)	-	(3,535)	(4,602)
Asset management and capital markets								
Goodman Investment Counsel Inc.	-	-	20	20	-	854	(2,666)	(1,812)
Dundee Securities Ltd.	21,435	-	462,124	483,559	-	4,173	(446,512)	(442,339)
Corporate and other portfolio holdings	10,392	1,690,864	55,319	1,756,575	(35,789)	(103,832)	(202,564)	(342,185)
TOTAL	$ 41,824	$ 1,758,252	$ 1,586,020	$ 3,386,096	$ (333,062)	$ (153,238)	$ (884,647)	$ (1,370,947)

Segmented Net Assets as at December 31, 2011

	ASSETS				LIABILITIES			
	Cash	Investments	Other Assets	TOTAL	Corporate Debt	Deferred Income Taxes	Other Liabilities	TOTAL
Real estate industry								
Dundee Realty Corporation	$ 739	$ 50,035	$ 702,728	$ 753,502	$ (210,458)	$ (44,448)	$ (138,821)	$ (393,727)
Resource industry								
Dundee Energy Limited	2,556	-	180,846	183,402	(59,191)	3,182	(49,743)	(105,752)
Eurogas International Inc.	100	-	9,414	9,514	-	-	(1,075)	(1,075)
Nichromet Extraction Inc.	54	-	8,675	8,729	-	-	(86)	(86)
Agriculture industry								
Blue Goose Capital Corp.	1,742	-	16,272	18,014	-	-	(2,202)	(2,202)
Asset management and capital markets								
Goodman Investment Counsel Inc.	237	-	186	423	-	263	1,103	1,366
Dundee Securities Ltd.	192,855	-	339,672	532,527	-	3,434	(372,882)	(369,448)
Corporate and other portfolio holdings	15,240	1,912,027	48,221	1,975,488	(276,948)	(133,169)	(181,811)	(591,928)
TOTAL	$ 213,523	$ 1,962,062	$ 1,306,014	$ 3,481,599	$ (546,597)	$ (170,738)	$ (745,517)	$ (1,462,852)

36. CLASSIFICATION OF ITEMS IN CONSOLIDATED STATEMENTS OF FINANCIAL POSITION

The Corporation has prepared its consolidated statements of financial position on a non-classified basis, as this presentation is considered more reliable and relevant. The following table provides a summary of the items in the Corporation's consolidated statements of financial position as at December 31, 2012 that can be classified as current or non-current, and a summary of assets and liabilities for which this classification cannot be determined. For presentation purposes, the Corporation has assumed that its operating cycle is 12 months.

As at December 31, 2012	Less than twelve months	Greater than twelve months	Non-determinable	TOTAL
ASSETS				
Cash	$ 41,824	$ -	$ -	$ 41,824
Accounts receivable	300,574	15,033	-	315,607
Client accounts receivable	-	-	332,627	332,627
Derivative financial assets	215	4,920	-	5,135
Brokerage securities owned	-	-	74,681	74,681
Investments	-	-	1,228,512	1,228,512
Equity accounted investments	-	464,536	-	464,536
Real estate joint venture investments	-	65,204	-	65,204
Real estate assets	229,121	343,757	-	572,878
Resource properties	-	169,461	-	169,461
Livestock	-	-	17,651	17,651
Capital and other assets	-	97,980	-	97,980
	$ 571,734	$ 1,160,891	$ 1,653,471	$ 3,386,096
LIABILITIES				
Accounts payable and accrued liabilities	$ 261,850	$ -	$ -	$ 261,850
Client deposits and related liabilities	-	-	364,198	364,198
Brokerage securities sold short	-	-	17,289	17,289
Income taxes payable	47,798	-	-	47,798
Corporate debt	262,999	70,063	-	333,062
Decommissioning liabilities	1,830	42,909	-	44,739
Preference Shares, series 1	-	148,773	-	148,773
Deferred income tax liabilities	-	153,238	-	153,238
	$ 574,477	$ 414,983	$ 381,487	$ 1,370,947

37. PROPOSED DISTRIBUTION OF DUNDEE REALTY TO SHAREHOLDERS

In December 2012, the Corporation announced that its Board of Directors had approved, in principle only, to proceed with a corporate restructuring through a tax efficient plan of arrangement that will distribute to shareholders of the Corporation a 50% interest in Dundee Realty.

At December 31, 2012, the transaction was subject to a number of uncertainties, including determination of the form of the transaction, the terms of arrangements with the non-controlling shareholder, and receipt of the necessary regulatory, court and shareholder approvals. Accordingly, the assets and liabilities of Dundee Realty, and its operating performance have not been classified as held for distribution in the consolidated financial statements as at and for the year ended December 31, 2012.