MANAGEMENT'S DISCUSSION AND ANALYSIS

DECEMBER 31, 2012

DUNDEE CORPORATION
Management's Discussion and Analysis

Dundee Corporation (the "Corporation" or "Dundee Corporation") is a Canadian independent publicly traded holding company, listed on the Toronto Stock Exchange ("TSX") under the symbol "DC.A". Through its operating subsidiaries, the Corporation is engaged in diverse business activities in the areas of its core competencies including real estate and infrastructure, energy, resources and agriculture.

This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of March 14, 2013 and should be read in conjunction with the audited annual consolidated financial statements of the Corporation, including the notes thereto, as at and for the year ended December 31, 2012 (the "2012 Financial Statements"). All amounts contained within this MD&A are in Canadian dollars, unless otherwise specified. The financial data discussed in this MD&A, including financial data relating to comparative periods in the prior year, has been prepared in accordance with International Financial Reporting Standards ("IFRS"), unless otherwise specified. Tabular dollar amounts, unless otherwise specified, are in thousands of dollars or thousands of units of measurement, except for per unit amounts.

BASIS OF PRESENTATION AND PERFORMANCE MEASURES

The ownership structure of the Corporation's various investments is diverse, which results in different methods of accounting for such investments. Generally, the Corporation accounts for its investments as subsidiaries, as equity accounted investments or as direct investments.

- **Subsidiaries** include those structures over which the Corporation has the power to govern the financial and operating policies of the investment, generally through ownership of 50% or more of voting control. Subsidiaries are not recorded as individual investments in the Corporation's consolidated financial statements. Instead, subsidiaries are consolidated, with 100% of the subsidiaries' accounts recorded on a line-by-line basis within the Corporation's consolidated statements of financial position and consolidated statements of operations and consolidated statements of cash flow. The share of assets, liabilities, net earnings or loss and other comprehensive income or loss ("OCI") not attributable to the Corporation are reported in the Corporation's consolidated financial statements as *"Non-controlling interest"*. Generally, each subsidiary is managed on a decentralized basis and there is limited involvement by the Corporation in day-to-day business activities of the operating subsidiaries.

- **Equity accounted investments,** including real estate joint ventures, are those structures over which the Corporation may exert significant influence, or over which it has joint control relating to financial and operating policy decisions. The carrying values of equity accounted investments are initially recorded at cost and are subsequently adjusted by the Corporation's share of net earnings or loss, less any dividends or distributions received, and the Corporation's share of OCI generated by the investment company. The carrying value of an equity accounted investment is subsequently adjusted to reflect any dilution in the Corporation's ownership interest. The share of net earnings and OCI from equity accounted investments, as well as any gain or loss resulting from a dilution in ownership interest, are reported in the Corporation's consolidated statements of operations as *"Share of earnings or OCI from equity accounted investments"*. Dividends or distributions received from equity accounted investments are not reported as revenues. Rather, any amounts received are reported in the Corporation's financial statements as a reduction in the carrying value of the equity accounted investment.

- **Direct investments** include all other investments owned by the Corporation. Direct investments may include brokerage securities owned and securities sold short, which are investments that are generally held by the Corporation's brokerage subsidiaries for trading in the short term. Brokerage-held securities owned and sold short are recorded at fair value in the Corporation's financial statements, with changes in fair values recorded in net earnings. Direct investments also include equity or debt securities classified as available-for-sale ("AFS Securities"). Unlike brokerage securities owned and securities sold short, changes in the fair values of equity securities designated as AFS Securities are temporarily included in OCI until the direct investment is sold or becomes impaired, at which point cumulative amounts previously included in OCI are transferred to net earnings.

Significant Businesses at December 31, 2012

Business Entity	Business Activity	Percentage Ownership	Market Value ($000's)
Subsidiaries			
Blue Goose Capital Corp.	Production of clean protein	83%	Private
Dundee Energy Limited	Oil and gas exploration, development and production	57%	27,034
Dundee Realty Corporation	Land and housing development	70%	Private
Dundee Securities Ltd.	Full service securities brokerage	100%	Private
Dundee Capital Markets*			
Dundee Goodman Private Wealth*			
Eurogas International Inc.	Oil and gas exploration	53%	83
Goodman Investment Counsel Inc.	Asset management	100%	Private
Nichromet Extraction Inc.	Patented metallurgical processing	75%	Private
Equity Accounted			
Dundee Real Estate Investment Trust	Investment in affordable business premises	6%	225,382
Dundee International Real Estate Investment Trust	Commercial real estate investment outside Canada	18%	138,880
Dundee Precious Metals Inc.	International mining company	23%	242,529
360 VOX Corporation	Residential, commercial and hospitality based real estate	22%	6,484
Ryan Gold Corporation	Prospective gold exploration	12%	2,785
Escal UGS S.L.	Natural gas storage	33%	Private
Union Group International Holdings Limited**	Agriculture, real estate and resources		
Various real estate joint venture arrangements	n/a	n/a	Private
Others	n/a	n/a	4,538
Direct Investments			
Direct investment in diverse industry sectors including:			
Brokerage securities owned and sold short	n/a	n/a	57,392
Publicly traded securities	n/a	n/a	798,915
Private investments	n/a	n/a	237,902
Mutual funds and short term investments	n/a	n/a	6,894
Debt securities	n/a	n/a	184,801

* *Divisions of Dundee Securities Ltd.*
** *Acquired in 2013*

Performance Measures

The Corporation believes that important measures of operating performance, including the operating performance of its subsidiaries, include certain performance measures that are not defined under IFRS and as such, may not be comparable to similar performance measures used by other companies. Throughout this MD&A, there will be references to certain performance measures which management believes are relevant in assessing the economics of its business. While these performance measures are not formally recognized by IFRS, the Corporation believes that they are informative and provide further insight as supplementary measures to net earnings and cash flows.

- **"AUA" or "Assets under Administration"** represent the approximate period-end market value of client assets administered by the Corporation's brokerage subsidiaries and in respect of which these subsidiaries earn commission revenue and other similar fees from clients. AUA are not included in the Corporation's consolidated statements of financial position.

- **"AUM" or "Assets under Management"** represent the period-end market value of client assets managed by the Corporation's capital markets and asset management subsidiaries on a discretionary basis and in respect of which these subsidiaries earn management fee revenue and, in certain cases, performance fee revenue. AUM are not included in the Corporation's consolidated statements of financial position.

- **"Barrel of Oil Equivalent"** or "boe" is calculated at a barrel of oil conversion ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of oil (6 Mcf to 1 bbl), based on an energy equivalency conversion method which is primarily applicable at the burner tip and does not always represent a value equivalency at the wellhead.

- **"Contribution Margin" or "Margin"** is an important measure of earnings in each business segment and generally represents core revenues less cost of sales, and excludes related general and administrative expenses, depreciation and depletion, interest expense, and income taxes.

- **"Fair Value"** is determined using quoted market prices, if available. Where quoted market values are not available, the Corporation may use cost as a proxy for fair value or other indicative measures.

- **"Field Level Cash Flows"** is calculated as revenue from oil and natural gas sales, less royalties and cost of sales. Field level cash flows contribute to working capital, including debt management, as well as to the funding of capital expenditure requirements for the Corporation's resource-based business activities.

- **"Field Netbacks"** refer to field level cash flows expressed on a measurement unit or barrel of oil equivalent basis.

- **"Per Day Amount" or ("/d")** is used throughout this MD&A to reflect oil and gas production volumes on an average per day basis.

- **"Probable Reserves"** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining reserves quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

- **"Proved Reserves"** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining reserves quantities recovered will exceed the estimated proved reserves.

- **"Reserve Life Index"** is determined by dividing proved reserves by expected annual production. For greater certainty, the reserve life index includes only proved reserves and does not include probable or possible reserves.

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated Net Earnings

During the year ended December 31, 2012, net earnings from continuing operations attributable to owners of Dundee Corporation were $10.8 million or $0.04 per share on a fully diluted basis. This compares to net earnings from continuing operations attributable to owners of the Corporation of $153.5 million or $2.17 per share on a fully diluted basis earned in the prior year.

For the years ended December 31,	2012	2011
Net earnings (loss) before income taxes from:		
Dundee Realty Corporation	$ 134,727	$ 82,896
Dundee Energy Limited	(22,581)	(2,464)
Eurogas International Inc.	(787)	(729)
Nichromet Extraction Inc.	(3,639)	(3,380)
Blue Goose Capital Corp.	(2,683)	(693)
Goodman Investment Counsel Inc.	(4,104)	492
Dundee Securities Ltd.	7,121	9,922
Corporate and other portfolio holdings	(44,071)	138,150
	63,983	224,194
Income taxes	(31,925)	(50,953)
Discontinued operations:		
Loss, net of taxes	-	(20,000)
Gain on sale of discontinued operations, net of taxes	-	870,828
Net earnings for the year	**$ 32,058**	**$ 1,024,069**
Net earnings attributable to:		
Owners of the parent		
Continuing operations	$ 10,826	$ 153,481
Discontinued operations	-	861,158
Non-controlling interest	21,232	9,430
	$ 32,058	**$ 1,024,069**

Net earnings from continuing operations in the prior year included a pre-tax gain of $95.6 million from the Corporation's divestment of its ownership in Breakwater Resources Ltd. ("Breakwater"), an equity accounted investment operating in the resource sector.

Prior year earnings also included a gain from discontinued operations attributable to owners of the Corporation of $861.2 million or $12.93 per share on a fully diluted basis. The gain from discontinued operations related to the Corporation's divestment of its 48% interest in DundeeWealth Inc. ("DundeeWealth"), a financial services company.

SEGMENTED RESULTS OF OPERATIONS

DUNDEE REALTY CORPORATION

The Corporation's most significant real estate operating activity is conducted through its 70% interest in Dundee Realty Corporation ("Dundee Realty"), one of Canada's leading, privately owned real estate companies. The scope of Dundee Realty's business includes residential land development, housing and condominium development, and residential and commercial property ownership across Canada and in the United States, as well as management of several real estate investment trusts with assets under management at December 31, 2012 of $10.9 billion (2011 – $7.0 billion).

In December 2012, the Corporation announced that its Board of Directors had approved, in principle, 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 significant negotiations, 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.

RESULTS OF OPERATIONS

For the years ended December 31,		2012		2011
Revenues				
Management fees	$	48,494	$	24,362
Real estate revenues		446,800		330,000
		495,294		354,362
Cost of sales		(340,260)		(244,748)
Other items in net earnings before taxes				
Depreciation		(2,587)		(2,127)
General and administrative		(16,840)		(19,014)
Share of (loss) earnings from equity accounted investments		(124)		1,675
Fair value changes in investment properties		9,705		3,813
Interest expense		(10,461)		(11,065)
Net earnings before taxes, Dundee Realty Corporation	$	134,727	$	82,896
Net earnings before taxes, Dundee Realty Corporation attributable to:				
Owners of Dundee Corporation	$	104,245	$	64,292
Non-controlling interest		30,482		18,604
Net earnings before taxes, Dundee Realty Corporation	$	134,727	$	82,896

Asset Management Activities

Through its asset management division, Dundee Realty provides management and advisory services encompassing commercial real estate and real estate development, as well as investment in Canadian renewable energy infrastructure assets.

Agreements for management and advisory services encompass a remuneration formula that includes a base annual management fee, determined as a percentage of gross asset value of properties, an incentive fee for performance in excess of established benchmarks, a capital expenditures fee for capital projects, and fees for the completion of acquisitions and for the completion of financing arrangements.

In addition to third-party AUM, Dundee Realty has entered into agreements with each of Dundee Real Estate Investment Trust ("Dundee REIT"), Dundee International Real Estate Investment Trust ("Dundee International REIT") and Dundee Industrial Real Estate Investment Trust ("Dundee Industrial REIT") pursuant to which it provides these entities with asset management services.

During the year ended December 31, 2012, Dundee Realty realized management fee revenue pursuant to these arrangements of $48.5 million, doubling the management fee revenue of $24.4 million earned in the prior year. The increase in management fee revenue reflects $1.9 billion of new acquisitions completed by Dundee REIT on a net basis, including the acquisition of a 67% interest in the Scotia Plaza complex in downtown Toronto.

Contribution Margins

Real estate operations generated contribution margins of $106.5 million or 23.8% on revenue of $446.8 million in 2012. This compares with contribution margins of $85.3 million or 25.8% on revenue of $330.0 million during the prior year.

For the years ended December 31,	2012				2011			
Components of Real Estate Operations*	Revenue	Costs	Margin	% Margin	Revenue	Costs	Margin	% Margin
Inventory								
Land under development	$ 235,579	$ 165,279	$ 70,300	29.8%	$ 192,781	$ 130,863	$ 61,918	32.1%
Housing	79,746	69,360	10,386	13.0%	80,454	69,106	11,348	14.1%
Condominiums	77,519	66,344	11,175	14.4%	13,917	16,314	(2,397)	(17.2%)
Investment properties	6,447	3,646	2,801	43.4%	6,058	3,068	2,990	49.4%
Income-producing properties	38,331	35,631	2,700	7.0%	29,259	25,397	3,862	13.2%
Other	9,178	-	9,178	n/a	7,531	-	7,531	n/a
	$ 446,800	$ 340,260	$ 106,540	23.8%	$ 330,000	$ 244,748	$ 85,252	25.8%

**Excludes general and administrative expenses, interest expense and depreciation.*

Land Margins

Revenue from land sales in 2012 was $235.6 million, generating contribution margins of $70.3 million or 29.8%. This compares with revenue of $192.8 million, generating contribution margins of $61.9 million or 32.1% in 2011.

The $42.8 million increase in revenue and $8.4 million increase in contribution margins was driven by Dundee Realty's Harbour Landing project in Regina and its Evansridge project in Calgary. These increases were partially offset by reduced activity relating to the Stonebridge project in Saskatoon, as well as a drop in margin rate due to the mix of land product sold.

During 2012, Dundee Realty sold 1,723 lots (2011 – 1,502 lots) at an average selling price of $117,000 (2011 – $114,000) in western Canada. Similar increases are reflected in 2012 sales of parcel acres in western Canada, with Dundee Realty selling 63 parcel acres (2011 – 37 parcel acres) at an average selling price of $540,000 per acre (2011 – $494,000).

Housing Margins

Revenue from sales of housing units decreased marginally during 2012 to $79.7 million compared with revenue of $80.5 million generated in 2011. While revenue from single family home sales in western Canada increased by $7.7 million, this amount was offset by a decrease in revenue of $6.4 million relating to Dundee Realty's Rutherford Contwo project in Toronto, as that project neared completion, with only one home sold in 2012 compared with 70 home closings in the prior year.

During 2012, Dundee Realty sold 242 housing units in western Canada (2011 – 218) at an average selling price of $407,000 (2011 – $412,000). While Dundee Realty experienced a decline in the average selling price due to the mix of housing product sold, the increase in the number of housing units sold resulted in an increase in overall contribution margins to $10.1 million during 2012 compared with $9.0 million in 2011.

Condominium Margins

During 2012, revenue from sales of condominium units was $77.5 million compared with $13.9 million in the prior year. The increase reflects first year sales of 182 condominium units at Dundee Realty's Corktown Phase Two project, the sale and occupancy of 177 units at Dundee Realty's Clear Spirit project, and the sale and occupancy of 80 units at 2 Eastern Avenue, all located in Toronto. Revenue from condominium sales are dependent upon the timing of completion of development projects, and may vary significantly on a period-over-period basis.

Management is continuing with a program to fund vendor-take-back mortgages that will allow purchasers to obtain the necessary financing needed to complete a purchase of a condominium unit at Dundee Realty's Base Camp project in Colorado. During 2012, five (2011 – 14) of these condominium units were sold and occupied, generating revenue of $1.3 million (2011 – $4.4 million). At December 31, 2012, there were 13 additional units available for sale.

Margins from Investment Properties

Revenue from investment properties increased marginally to $6.4 million during 2012 from $6.1 million in 2011. Despite the modest increase in revenue, contribution margins from these activities decreased to $2.8 million in 2012 compared with $3.0 million in the prior year primarily due to higher non-recoverable expenses than the prior year at the Distillery District.

Changes in the fair value of investment properties are not included in real estate contribution margins, but are separately included in net earnings from real estate operations. During 2012, the fair value of investment properties increased by $9.7 million (2011 – $3.8 million), mainly due to increased rental rates and lower capitalization rates since December 2011. Fair values were determined using the discounted cash flow method which discounts the expected future cash flows, generally over a term of 10 years, and uses discount rates and terminal capitalization rates specific to each property. The determination of fair values of investment properties is, in some cases, supplemented by third-party appraisals.

Margins from Income-Producing Properties

Contribution margins earned from income-producing properties declined to $2.7 million during 2012, from $3.9 million in the prior year. Record low levels of snowfall affected ski operations in Colorado, including Dundee Realty's signature ski operations in Arapahoe Basin, reducing contribution margins from these activities by 6.2%. Additionally, contribution margins from Dundee Realty's investment in the King Edward Hotel in downtown Toronto fell, as condominium construction in that location adversely affected hotel suite rental income.

CHANGES IN FINANCIAL CONDITION

Real Estate Assets

As at December 31,	2012	% Change	2011
Inventory			
Land	$ 359,187	49%	$ 240,706
Housing	48,260	63%	29,692
Condominiums	90,267	(13%)	104,106
Commercial development	-	(100%)	5,564
	497,714	31%	380,068
Investment properties	51,008	28%	39,876
Income-producing properties	24,156	(2%)	24,661
	$ 572,878	29%	$ 444,605

Land Held for Development and Land Under Development

At December 31, 2012, Dundee Realty's land portfolio, including land held for development and land under development, consisted of over 6,300 acres and 1,000 development lots extending across both Canada and the United States.

Land inventory at December 31, 2012 consists of:	Land Held for Development Cost	Acres	Land Under Development Cost	Acres	Lots	Total Cost
Saskatoon	$ 53,557	2,448	$ 31,803	38	336	$ 85,360
Regina	14,284	900	28,363	110	221	42,647
Calgary	140,414	2,277	40,008	74	212	180,422
Edmonton	20,850	683	27,155	9	282	48,005
Toronto	-	-	1,375	14	1	1,375
United States	1,378	3	-	-	-	1,378
	$ 230,483	6,311	$ 128,704	245	1,052	$ 359,187

The carrying value of Dundee Realty's land portfolio increased 49% to $359.2 million at December 31, 2012 from $240.7 million at December 31, 2011.

Balance of land inventory, December 31, 2011	$ 240,706
New acquisitions completed during the year	122,640
Costs of development	152,676
Transfer to cost of goods sold	(157,473)
Other	638
Balance of land inventory, December 31, 2012	$ 359,187

Dundee Realty completed several strategic acquisitions in 2012 at a cost of $122.6 million and it incurred development costs of a further $152.7 million, primarily in western Canada. Funding was provided from operating cash flow as well as Dundee Realty's borrowing facilities.

Other Real Estate Inventory

Other real estate inventory includes Dundee Realty's inventory of housing and condominium projects, and may also, from time to time, include commercial development properties.

Housing and condominium projects at December 31, 2012 consist of:	Housing # of Units	Cost	Condo # of Units	Cost	Total Cost
Western Canada	253	$ 48,163	-	$ -	$ 48,163
Ontario	2	97	247	85,437	85,534
United States	-	-	13	4,830	4,830
	255	$ 48,260	260	$ 90,267	$ 138,527

Dundee Realty incurred significant development costs during 2012, including $68.7 million in housing-related costs, primarily in western Canada and $51.1 million in condominium-related costs, primarily in Toronto. In addition to development costs incurred during 2012, Dundee Realty also invested $11.6 million to acquire lots for future development.

	Housing	Condominiums	Total
Balance of other real estate inventory, December 31, 2011	$ 29,692	$ 104,106	$ 133,798
New acquisitions	11,570	-	11,570
Costs of development	68,670	51,083	119,753
Transfer to cost of goods sold	(61,672)	(63,800)	(125,472)
Other	-	(1,122)	(1,122)
Balance of other real estate inventory, December 31, 2012	$ 48,260	$ 90,267	$ 138,527

Investment Properties

Dundee Realty's investment properties are located predominantly in downtown Toronto. The carrying value of these assets increased from $39.9 million at December 31, 2011 to $51.0 million at December 31, 2012, including a fair value increase of $9.7 million relating primarily to The Distillery Historic District, reflecting increased leasing activity and a decrease in the overall capitalization rate.

Balance of investment properties, December 31, 2011	$	39,876
Initial leasing costs and incentives		665
Fair value changes		9,705
Other		762
Balance of investment properties, December 31, 2012	$	51,008

Income-Producing Properties

The carrying value of income-producing properties decreased by 2% to $24.2 million at December 31, 2012, compared with $24.7 million at December 31, 2011.

Balance of income-producing properties, December 31, 2011	$	24,661
Net additions		2,408
Depreciation		(2,520)
Other		(393)
Balance of income-producing properties, December 31, 2012	$	24,156

Income-producing properties include:

Project	Location		Carrying value
Arapahoe Basin	Colorado	$	11,746
King Edward Hotel	Toronto		7,121
Willows Golf Course	Saskatoon		2,842
Other			2,447
		$	24,156

Real Estate Joint Venture Investments

During the year ended December 31, 2012, the carrying value of Dundee Realty's joint venture investments increased to $65.2 million compared with $47.9 million at the end of the prior year.

		Firelight Infrastructure Fund		Dundee Kilmer Developments		Other		Total Real Estate Joint Ventures
Balance of equity investments, December 31, 2011	$	21,032	$	15,269	$	11,616	**$**	**47,917**
Equity income for the year		517		(1,441)		800		**(124)**
Net cash investments		14,642		-		5,256		**19,898**
Cash distribution		(1,454)		-		288		**(1,166)**
Other		-		-		(1,321)		**(1,321)**
Balance of equity investments, December 31, 2012	$	34,737	$	13,828	$	16,639	**$**	**65,204**

Firelight Infrastructure Fund ("Firelight")

Included in Dundee Realty's joint venture investments is its 20% interest in Firelight. Firelight has committed $300 million to fund renewable energy projects and is currently invested in RMS Energy Dalhousie Mountain LP, a 51 megawatt ("MW") wind farm in Pictou County, Nova Scotia. At December 31, 2012, Dundee Realty's carrying value of this investment was $34.7 million.

During the year ended December 31, 2012, Firelight acquired 16 rooftop solar projects, representing 3.6 MW. Firelight expects to acquire an additional 13 rooftop solar projects, representing 3.9 MW, by June 30, 2013. Each of the rooftop solar projects has entered into power purchase agreements for renewable energy with the Ontario Power Authority to supply energy at a fixed rate of $0.635 to $0.713 per kilowatt hour for 20 years.

In 2012, Firelight signed an agreement with a large retailer for solar panel installations on 70 of their buildings across Ontario, for a total capacity of 15 MW. With these additional acquisitions, Firelight currently holds close to 100 solar rooftop projects in its portfolio.

The most recent acquisitions provide accretive value to Firelight's existing alternative energy portfolio, which already included the Sandhurst and Rutley projects, each of which include a 10 MW solar farm located in southeastern Ontario; its 50% interest in Erie Ridge, an 8.5 MW solar farm; a joint venture agreement to acquire a 49% interest in a 31.5 MW wind power project located near Amherst, Nova Scotia and an agreement to purchase an additional five 10 MW ground mount solar projects in Ontario.

Firelight also holds a 96% beneficial interest in Xeneca Limited Partnership, through which it invests in the development of water power sites in Ontario.

Dundee Kilmer Developments

Dundee Kilmer Developments ("Dundee Kilmer") is a partnership between Dundee Realty and Kilmer Van Nostrand Co. Limited for the purpose of developing the Canary District, the Toronto 2015 Pan/Parapan American Games Athlete's Village project in the West Don Lands in Toronto. Anchored at Front and Cherry Streets, the Canary District is a visionary community, adjacent to Waterfront Toronto's new 18-acre Don River Park, with lively street retail and dining, inspiring works of public art and sculpture. Being built as a temporary home for the athletes of the 2015 Pan Am Games, the Canary District will evolve into the largest urban village in Toronto's history. At December 31, 2012, Dundee Realty's carrying value of this investment was $13.8 million.

Real Estate Debt

Real estate debt as at December 31, 2012 was $233.6 million (2011 – $210.5 million), including $45.0 million relating to a revolving term credit facility, with the balance divided among mortgages on investment properties, income-producing properties, land servicing loans, vendor-take-back financing of land purchases and housing construction loans. Debt is generally secured by charges on specific properties to which the debt relates. As at December 31, 2012, $86.9 million (2011 – $43.9 million) of aggregate debt in Dundee Realty was subject to a fixed, weighted average interest rate of 5.57% (2011 – 7.46%) and matures between 2013 and 2016. A further $146.7 million (2011 – $166.6 million) of real estate debt is subject to a weighted average variable interest rate of 3.61% (2011 – 4.12%) and matures between 2013 and 2018.

Borrowings under Dundee Realty's revolving term credit facility are available up to a formula-based maximum not to exceed $190 million. The facility bears interest at prime plus 1.25% or at the corporate bankers' acceptance rate plus 2.50% as at December 31, 2012. The facility is secured by a general security agreement and first charges against lots and parcels, as well as certain land held for development in western Canada. At December 31, 2012, Dundee Realty had drawn $139.3 million against its revolving term credit facility, including $94.3 million in the form of letters of credit. As at December 31, 2012, the amount still available under this facility was $50.7 million.

DUNDEE ENERGY LIMITED

Dundee Energy Limited ("Dundee Energy") *www.dundee-energy.com* is involved in oil and gas development and production in southern Ontario, and in the development of a natural gas storage facility in Spain.

Through its wholly-owned subsidiary, Dundee Energy Limited Partnership ("DELP"), Dundee Energy holds a 90% working interest in 84,000 acres of onshore oil properties and a 65% working interest in 904,000 acres of offshore gas properties located in and around Lake Erie. DELP also owns a 100% interest in an onshore drilling rig and a 65% ownership interest in certain other assets, including an offshore fleet of drilling and completion barges, and six gas plants and compressor stations that are located onshore and process offshore dry gas.

During the year ended December 31, 2012, Dundee Energy incurred a loss of $22.6 million (2011 – $2.5 million), of which $15.3 million (2011 – $1.8 million) is attributable to owners of Dundee Corporation. Included in Dundee Energy's loss during the current year is an impairment provision of $15.5 million against certain resource properties, which has been included as additional depletion expense.

RESULTS OF OPERATIONS

For the years ended December 31,		2012		2011
Revenues				
Oil and gas sales	$	30,483	$	35,818
Interest and dividends		143		17
		30,626		35,835
Cost of sales		(13,483)		(12,957)
Other items in net earnings before taxes				
Depreciation and depletion*		(30,503)		(15,435)
General and administrative		(7,044)		(8,526)
Gain on derivative financial instruments		2,527		3,072
Interest expense		(4,588)		(4,571)
Foreign exchange (loss) gain		(116)		118
Net loss before taxes, Dundee Energy Limited	$	(22,581)	$	(2,464)
Net loss before taxes, Dundee Energy attributable to:				
Owners of Dundee Corporation	$	(15,311)	$	(1,830)
Non-controlling interest		(7,270)		(634)
Net loss before taxes, Dundee Energy Limited	$	(22,581)	$	(2,464)

** Includes a $15.5 million impairment provision against certain resource properties recognized during the year ended December 31, 2012.*

Field Level Cash Flows and Field Netbacks

During the year ended December 31, 2012, Dundee Energy earned field level cash flows of $20.9 million compared with $23.9 million earned in the prior year. Included in field level cash flows is $3.9 million (2011 – $1.0 million) from realized gains on risk management contracts.

For the years ended December 31,						2012						2011
		Natural Gas		Oil and Liquids		Total		Natural Gas		Oil and Liquids		Total
Total sales	$	11,746	$	24,128	$	35,874	$	17,316	$	24,860	$	42,176
Realized risk management gain (loss)		2,963		965		3,928		1,065		(62)		1,003
Royalties		(1,741)		(3,650)		(5,391)		(2,592)		(3,766)		(6,358)
Production expenditures		(7,041)		(6,442)		(13,483)		(7,254)		(5,703)		(12,957)
Field level cash flows	$	5,927	$	15,001	$	20,928	$	8,535	$	15,329	$	23,864

Field netbacks from natural gas were $1.60/Mcf in 2012 compared with $2.22/Mcf in 2011. The decrease reflects the impact of declining market prices for natural gas, partially offset by realized gains from Dundee Energy's price risk management strategies, which added $0.80/Mcf (2011 – $0.28/Mcf) to field netbacks from natural gas. Field netbacks from oil and liquids were $54.83/bbl in 2012 compared with $58.47/bbl in 2011.

For the years ended December 31,						2012						2011
		Natural Gas		Oil and Liquids		Total		Natural Gas		Oil and Liquids		Total
		$/Mcf		$/bbl		$/boe		$/Mcf		$/bbl		$/boe
Total sales	$	3.18	$	88.19	$	40.37	$	4.50	$	94.83	$	46.70
Realized risk management gain (loss)		0.80		3.53		4.42		0.28		(0.24)		1.11
Royalties		(0.47)		(13.34)		(6.07)		(0.67)		(14.37)		(7.04)
Production expenditures		(1.91)		(23.55)		(15.18)		(1.89)		(21.75)		(14.35)
Field netbacks	$	1.60	$	54.83	$	23.54	$	2.22	$	58.47	$	26.42

Natural gas prices in North America were subjected to considerable downward pressure in 2012, as vast amounts of shale gas supply, combined with diminished demand resulting from relatively warmer winter weather in early 2012 continued to depress prices to levels below historical norms. Prices for natural gas rebounded marginally during the summer months reflecting increased consumption of electrical energy powered by natural gas in response to unusually high summer temperatures and more recently as weather-sensitive demands respond to more normal winter weather. Dundee Energy remains cautious, however, as a considerable amount of supply remains tied in by natural gas producers.

Dundee Energy realized an average price on sales of natural gas of $3.18/Mcf during 2012, a decrease of 29% from the average price of $4.50/Mcf realized in the prior year. Dundee Energy's realized price for natural gas sales, while consistent with the decrease in the natural gas price as reported by NYMEX and the Dawn Hub, is partially mitigated by its proximity to the Dawn Hub, a leading provider of natural gas supply to the greater Toronto market area, which provides Dundee Energy with a positive basis differential from average industry benchmarks.

Internationally, oil prices remained stable in 2012, with the West Texas Intermediate ("WTI") price averaging US$94.06, just marginally below an average price of US$94.91 in 2011. Supply concerns stemming from international sanctions cutting Iranian exports following concerns over their nuclear development program, compounded by field maintenance issues and labour disputes in the North Sea, bolstered prices. DELP's realized oil price per barrel is more closely correlated to the Edmonton Par price, reflecting that it enters the western Canadian crude stream at Sarnia. During 2012, a notable discount between the WTI and Edmonton Par price emerged, as technological advancements in horizontal drilling and fracking provided considerable increased volumes of oil from oil shales and tight reservoirs, with the result that supply out of western Canada exceeded the takeaway capacity of pipeline. The Edmonton Par price, responding to excess supply, fell to an average of $86.57/bbl in 2012 compared with $95.57/bbl in 2011. During 2012, DELP realized an average price on sales of crude oil of $89.44/bbl (2011 – $96.15/bbl), representing a premium of approximately 3% (2011 – 1%) over the average price of the Edmonton Par. DELP is exploring alternative marketing options to realign the price received for its Ontario oil production to the WTI benchmark for crude oil.

Dundee Energy may, from time to time, enter into fixed price contracts and derivative financial instruments for the purpose of protecting its oil and natural gas revenue from the volatility of oil and natural gas prices. Dundee Energy's risk management contracts at December 31, 2012 had a positive value of $0.2 million. These risk management contracts are subject to periodic settlements throughout the term of the contracts. Such settlements may result in a gain or loss, which is recognized as a realized risk management gain or loss at the time of settlement. The positive value of Dundee Energy's risk management contracts at December 31, 2012 resulted from forecasted decreases in underlying commodity prices during the periods covered, compared with the fixed price pursuant to the terms of the contracts. An unrealized risk management gain or loss may or may not be realized in subsequent periods, depending upon subsequent fluctuations in commodity prices or foreign exchange rates affecting the risk management contracts.

CHANGES IN FINANCIAL CONDITION

Reserves

Dundee Energy retained Deloitte LLP ("Deloitte"), an independent qualified reserves evaluator to prepare a report on the working interest of DELP's oil and natural gas reserves in southern Ontario. Dundee Energy has a Corporate Governance and Reserves Committee that oversees the selection, qualifications and reporting procedures of the independent engineering consultants. Reserves at December 31, 2012 were determined using the guidelines and definitions set out under National Instrument 51-101. At December 31, 2012, the proved and probable reserves in southern Ontario have increased 2% to 16,358 million boe ("mboe") from 16,091 mboe at December 31, 2011. The following table outlines the change in Dundee Energy's reserves since December 31, 2011.

	Natural Gas *(mmcf)*	Oil *(mbbl)*	Natural Gas Liquids *(mbbl)*	Total *(mboe)*	NPV @ 10% Before Tax *(mboe)*	NPV per boe
Proved Reserves						
Opening balance, January 1, 2012	65,433	1,815	71	12,792	$ 157,472	$ 12.31
Revisions	4,733	222	(6)	1,004		
Production	(3,640)	(260)	(10)	(877)		
Closing balance, December 31, 2012	66,526	1,777	55	12,919	$ 108,600	$ 8.41
Probable Reserves						
Opening balance, January 1, 2012	14,941	778	31	3,299	$ 38,721	$ 11.74
Revisions	600	44	(4)	140		
Closing balance, December 31, 2012	15,541	822	27	3,439	$ 31,500	$ 9.16
Total proved and probable	82,067	2,599	82	16,358	$ 140,100	$ 8.56
Percentage increase (decrease) in reserves	2%	0%	(20%)	2%		

At December 31, 2011, Dundee Energy estimated the reserve life index for natural gas and oil at 17.1 years and 7.1 years, respectively. As at December 31, 2012, the reserve life index for natural gas increased to 23.2 years, while the reserve life index for oil increased to 9.4 years.

The following table outlines Deloitte's forecasted future prices for each of oil and natural gas. These forecasts form the basis for Deloitte's evaluation of Dundee Energy's reserves at December 31, 2012 as outlined above.

	Natural Gas	Oil
Reserve Prices	Union Parkway CDN$ / Mcf	Edmonton Par (delivered to Sarnia, ON) CDN$ / bbl
2013	4.00	89.15
2014	4.55	88.85
2015	4.85	93.60
2016	5.15	95.35
2017	5.45	93.95
Average five year forecast	4.80	92.18

During the year ended December 31, 2012, Dundee Energy recognized a $15.5 million impairment on its natural gas properties. The impairment charge reflects a reduction in forecasted natural gas prices, as outlined above from amounts forecast at the end of 2011. In arriving at the amount of impairment, Dundee Energy estimated the recoverable amount of the natural gas properties using the fair value less costs to sell method which entails establishing cash flow projections based on proven and probable reserves. In estimating fair value less costs to sell, Dundee Energy considered transactions within the industry over the past twelve months, long-term views of commodity prices, externally evaluated reserve volumes, and discount rates specific to the natural gas properties. The calculation of the recoverable amount is sensitive to underlying assumptions including production volumes, discount rates and commodity prices. In computing the recoverable amount, future cash flows were adjusted for risks specific to the properties impaired and were discounted using a discount rate of 8%. This discount rate is considered to approximate the weighted average cost of capital of a typical market participant. The impairment has been included in the 2012 Financial Statements as increased depreciation and depletion.

Decommissioning Liability

Dundee Energy has recorded decommissioning liabilities representing its best estimate of costs that it will incur to settle future site restoration, abandonment and reclamation obligations. At December 31, 2012, Dundee Energy's estimate of these future costs on an undiscounted basis was approximately $81.3 million and are expected to be incurred over a 50-year period.

Demand Revolving Credit Facilities

On June 29, 2010, and concurrent with DELP's acquisition of the assets in southern Ontario, Dundee Energy arranged for an $80.0 million credit facility for the benefit of DELP. In July 2012, DELP's credit facility was amended to reduce amounts available pursuant to the credit facility from $80.0 million to $70.0 million. There were no other material changes to the terms of the credit facility as a result of the amendment. The credit facility is structured as a demand revolving loan, and is subject to a tiered interest rate structure that varies based on the net debt to cash flow ratio generated by DELP. The rate is initially set at prime plus 3% for loans and letters of credit or, for bankers' acceptances, at the bankers' acceptance rate plus 4%. At December 31, 2012, an aggregate of $66.4 million had been drawn against the facility and as required by statute, included a letter of credit for $3.3 million in favour of the Ministry of Natural Resources in connection with future abandonment and site restoration obligations.

2013 Work Program

Dundee Energy plans to spend $8.3 million on capital projects during 2013 relating to its assets in southern Ontario. With the significant decline in the price of natural gas, Dundee Energy will focus on oil related projects, including a three well drill and complete program estimated at $2.7 million. Dundee Energy will also continue its seismic work in order to bolster the existing database of seismic information in support of planned future drilling.

On February 27, 2013, Dundee Energy announced a rights offering to raise gross proceeds of between $8.0 million to $9.2 million. Dundee Energy intends to use the net proceeds of the rights offering to enhance its 2013 work exploration program. The Corporation has indicated its intent to fully subscribe for its pro-rata share of rights pursuant to the rights offering and to exercise its maximum potential additional subscription entitlement in accordance with the terms of the rights offering.

Escal UGS S.L. ("Escal")

Dundee Energy holds an indirect interest in the Castor underground gas storage project, a Spanish infrastructure project that has converted the abandoned Amposta oil field, located off the eastern Mediterranean coast of Spain, to a natural gas storage facility (the "Castor Project"). The Castor Project is owned by Escal and is managed by ACS Servicios Comunicaciones y Energia S.L. ("ACS"), the largest construction group in Spain and a 67% shareholder of Escal. Dundee Energy's 74% owned subsidiary, Castor UGS Limited Partnership ("CLP"), owns the remaining 33% of Escal. Further details as to the construction of the Castor Project and the associated remuneration system are detailed in Dundee Energy's management's discussion and analysis as at and for the year ended December 31, 2012, which may be accessed at *www.sedar.com* or in note 10 to the 2012 Financial Statements. At December 31, 2012, the Corporation's carrying value of its investment in Escal was $nil (December 31, 2011 – $nil).

EUROGAS INTERNATIONAL INC.

Eurogas International Inc. ("EII") (*www.eurogasinternational.com*), is currently conducting exploration and evaluation programs for oil and natural gas in the shallow Mediterranean waters offshore Tunisia, where it holds a 45% working interest in the Sfax permit ("Sfax Permit"). The carrying value of EII's Tunisian properties at December 31, 2012 was $10.3 million (December 31, 2011 – $8.8 million).

In November 2012, EII announced that, together with its joint venture partner, Atlas Petroleum Exploration Worldwide Ltd., it had received approval from the Tunisian regulatory authorities for a renewal of the Sfax Permit from December 9, 2012 to December 8, 2015 (the "First Renewal Period"). As part of the granting of the First Renewal Period, the joint venture partners were required to relinquish 807 square kilometres of land in the southwestern region of the Gulf of Gabes. The Sfax Permit now encompasses approximately 800,000 acres, located within a prolific hydrocarbon fairway extending from offshore Libya, through the Gulf of Gabes, to onshore Tunisia. It is surrounded by producing oil and natural gas fields to the west, north and east, including the Ashtart oil field that lies along the southeast boundary.

The terms of the First Renewal Period include an obligation for the joint venture partners to drill an exploration well (the "First Renewal Well Obligation") of sufficient depth to enable an appropriate assessment of potential reserves. The First Renewal Well Obligation is in addition to the obligation of the joint venture partners to drill an exploration well under the initial terms of the Sfax Permit (the "Initial Well Obligation"). With the concurrence of the Tunisian authorities, and as a condition to the approval of the First Renewal Period, the Initial Well Obligation has been transferred to the First Renewal Period. The Initial Well Obligation must be drilled to sufficient depth to reach the Bireno limestones of the Cretaceous age.

The actual cost of drilling these two 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 Initial Well Obligation ranges from between US$6 million and US$9 million. EII has not yet completed its assessment of the costs associated with the First Renewal Well Obligation.

In the event that EII's 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 the joint venture partners, less any amounts incurred by the joint venture partners in respect of the completion of these obligations.

In support of its exploration and evaluation activities, the Corporation has committed to EII to provide the necessary financial resources to enable it to complete the Initial Well Obligation, subject to certain conditions. EII is also considering alternate financing options, including farmout arrangements, possible debt or equity issuances or the monetization of certain assets in order to meet its commitments. There can be no assurance that EII will be successful in any of these other alternatives.

During the year ended December 31, 2012, EII incurred a net loss before income taxes of $0.8 million (2011 – $0.7 million).

NICHROMET EXTRACTION INC.

Nichromet Extraction Inc. ("Nichromet") is a private Canadian company that has developed patented precious and base metal extraction processes that are environmentally friendly in that the residues of mining operations are totally void of contaminants such as cyanide, sulfur and arsenic. These processes are based on a new patented process using chlorination and have tested particularly efficient for the treatment of polymetallic ores either in the form of sulfides, oxides or arsenides. The Corporation holds a 75% interest in Nichromet.

In February 2013, Nichromet announced the receipt of a $5 million grant from the Government of Canada through Sustainable Development Technology Canada ("SDTC") for the development of a demonstration pilot plant project, which is estimated to cost approximately $18 million. The grant is a strong endorsement of Nichromet's scientific advancements and technological process towards commercialization of its patented processes. The Corporation has indicated to Nichromet its intent to assist with obtaining the necessary financing to complete the project.

During the year ended December 31, 2012, Nichromet incurred a net loss before income taxes of $3.6 million (2011 – $3.4 million) and had net assets of $8.4 million at December 31, 2012.

BLUE GOOSE CAPITAL CORP.

In December 2011, the Corporation completed its first investment in the agricultural sector by acquiring a controlling interest in Blue Goose Capital Corp. ("Blue Goose"), a Canadian private company focused on the production of clean protein. Clean protein is achieved through the raising of livestock in a purely organic environment, including feed from organically grown crops, and by employing the highest standards of animal husbandry and welfare, with no use of artificial growth hormones or antibiotics. At December 31, 2012, the Corporation held an 83% interest in Blue Goose.

The Blue Goose Cattle Company ("BGCC"), a wholly-owned subsidiary of Blue Goose, currently provides quality organic and all natural beef products to markets in British Columbia. Blue Goose is pursuing a sustainable program to expand its operations of organic cattle farming throughout Canada and the United States. During 2012, Blue Goose invested $27.4 million in its cattle production operations.

Net assets acquired:		
Capital assets		
Land and buildings	$	18,640
Machinery and equipment		3,167
Livestock		
Biological assets		2,326
Inventory		1,889
Intangible assets		1,412
	$	27,434
Aggregate consideration transferred		
Cash	$	24,034
Equity issued to non-controlling interest		3,400
	$	27,434

As part of its business plan, Blue Goose has expanded its landholdings to over 1.0 million acres under management. Blue Goose's land portfolio includes both freehold (deeded) acres and leasehold acreage in British Columbia and Ontario. Blue Goose seeks to acquire high quality productive acreage that is fully irrigated and which provides quality hay fields for feed production and cattle grazing.

(in thousands)	Number of Acres Deeded or Leased as at December 31, 2012	December 31, 2011
British Columbia	1,093	305
Ontario	4	-
	1,097	305

Blue Goose plans to continue acquiring farmland property in British Columbia and Ontario in order to implement its vertically integrated business model, which will allow it to control the production, processing and distribution of its product. As part of this business plan, Blue Goose also acquired a transportation company and it is in the process of constructing a federally regulated abattoir on one of its owned properties in British Columbia.

With the expansion of its land portfolio, Blue Goose has increased its organic cattle herd to 8,500 at December 31, 2012 from just over 3,500 at December 31, 2011.

(number of animals)	Cattle Herd December 31, 2012	December 31, 2011
Breeding cattle and bulls	3,091	1,020
Immature livestock and feeder cattle	5,378	2,518
	8,469	3,538

In addition to its organic cattle herd in British Columbia and Ontario, Blue Goose expanded its operations into the United States with the acquisition of Emma Farms Cattle Company for $1.5 million. The acquisition adds a herd size of 225 purebred Wagyu in the states of Colorado and Oklahoma. Blue Goose intends to increase its Wagyu herd size significantly in the coming years. Emma Farms Cattle Company currently sells to five-star restaurants in Colorado and expects to be increasing sales throughout the United States in upscale restaurants as the herd size increases.

In addition to existing beef operations, Blue Goose is expanding into other clean protein opportunities. During 2012, Blue Goose expanded its product line through the acquisition of a rainbow trout fish farm operating as Meeker Aquaculture ("Meeker") on Manitoulin Island, Ontario, for approximately $2.0 million.

Net assets acquired:		
Capital assets		
Land and buildings	$	176
Machinery and equipment		192
Livestock		
Biological assets		373
Inventory		442
Intangible assets		762
	$	1,945
Aggregate consideration transferred		
Cash	$	1,195
Equity issued to non-controlling interest		750
	$	1,945

In operation since 1986 as a family-owned business, Meeker is currently licensed to produce 1.0 million pounds of rainbow trout annually. Historically, Meeker sold directly to the processor; however, going forward and consistent with its cattle farming business model, Blue Goose intends to reengineer and expand the business into a vertically integrated trout operation.

Included as part of Blue Goose's acquisition in Meeker is a fish composting operation, the genesis of which was based on unearthing an economically-friendly process for the disposal of fish by-products. Current production of this organic compost, created by mixing by-products from Ontario's fish and forestry industries, is upwards of 40 tonnes per week.

Blue Goose has also entered into a partnership to produce organic poultry with an established Canadian poultry processor. This business will launch in the first half of 2013 and will initially focus on the Ontario market. Blue Goose plans to integrate this division further by eventually sourcing, producing and processing its own feed supply.

RESULTS OF OPERATIONS

For the years ended December 31,		2012		2011*
Revenues				
Sale of livestock	$	7,872	$	178
Interest and dividends		1,233		-
		9,105		178
Cost of sales		(10,713)		(155)
Other items in net earnings before taxes				
Depreciation and depletion		(950)		-
General and administrative		(3,710)		(716)
Fair value changes in livestock		3,846		-
Interest expense		(261)		-
Net loss before taxes, Blue Goose	$	(2,683)	$	(693)
Net loss before taxes, Blue Goose attributable to:				
Owners of Dundee Corporation	$	(2,052)	$	(549)
Non-controlling interest		(631)		(144)
Net loss before taxes, Blue Goose	$	(2,683)	$	(693)

* *Since acquisition in December 2011*

During 2012, Blue Goose earned revenues of $7.9 million, including $0.6 million from sales of fish protein relating to the Meeker acquisition. 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. As part of its enhanced business plan, Blue Goose intends to expand its brand recognition within British Columbia and expand its beef product sales into Ontario and other provinces in Canada. Similarly, Blue Goose intends to expand its sales of organic rainbow trout currently sold in Ontario by leveraging off its existing client base in western Canada.

Reflective of its current stage of development, during the year ended December 31, 2012, Blue Goose incurred a net operating loss of $2.7 million (2011 – $0.7 million). The 2012 loss includes the recognition of a $3.8 million (2011 – $nil) gain in the fair value of inventory, primarily attributable to increases in herd growth.

CHANGES IN FINANCIAL CONDITION

Changes in the Carrying Value of Livestock

The carrying value of livestock, including inventory and supply was $17.7 million at December 31, 2012, including $13.7 million of biological assets and $4.0 million of related inventory and supply items. This compares with a carrying value of $4.8 million at December 31, 2011. Approximately $5.0 million of the increase is in respect of business acquisitions completed during the year.

		Cattle		Fish		Inventory and Supply		TOTAL
Opening balance	$	4,161	$	-	$	610	$	4,771
Changes during the year ended December 31, 2012								
Acquisitions		2,326		373		2,331		5,030
Herd growth		3,475		259		-		3,734
Price changes		112		-		-		112
Other purchases, net of product processed		3,037		(34)		1,001		4,004
	$	13,111	$	598	$	3,942	$	17,651

During 2012, Blue Goose realized a fair value gain of $3.8 million in respect of its livestock. Approximately $3.7 million of this gain reflects increases in herd weight, while the remaining $0.1 million represents changes in the price of beef.

Corporate Debt

Blue Goose has entered into a $14.8 million advance loan facility, maturing 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 loan facility. At December 31, 2012, Blue Goose had not drawn against this facility.

Certain wholly-owned subsidiaries of Blue Goose have entered into demand revolving credit facilities in the aggregate amount of $3.8 million 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 $1.0 million had been drawn against these facilities. Subsequent to December 31, 2012, amounts available pursuant to these facilities were increased to $5.8 million.

Expansion of the Agriculture Portfolio

As the world struggles with the effects of continued population growth, climate change, water shortages, urbanization and deforestation, the Corporation expects that food security will increasingly be of paramount concern in the upcoming decades. The Corporation believes that these conditions will add value to productive farmland assets and sustainable agribusinesses, as they will be a significant part of the long-term solution.

In 2012, the Corporation continued to increase its portfolio of agriculture-based investments by acquiring shares in Union Agriculture Group, the largest corporate agricultural landholder and operator in Uruguay. This diversified agribusiness owns and operates over 90,000 hectares of agricultural land focused on agricultural products for global export including: grains (wheat, rice, soybeans); livestock (bull sales, dairy, beef and sheep); fruit (blueberries) and apiculture (bees and honey sales).

Investing in farmland and agribusinesses in Uruguay has unique competitive advantages including attractive land prices, no foreign ownership restrictions, full and clear title to land, as well as high-quality soils with ample supply of fresh water. The potential for double cropping also boosts cash yields.

GOODMAN INVESTMENT COUNSEL INC.

Asset management activities are carried out by the Corporation's 100% owned subsidiary, Goodman Investment Counsel Inc. ("GIC"), a registered portfolio manager and exempt market dealer across Canada and an investment fund manager in the provinces of Ontario, Quebec and Newfoundland. GIC's strategy is to acquire, develop and manage high quality assets and businesses that demonstrate an opportunity to achieve sustained growth and high returns in core sectors, as well as to increase asset management fee revenue over the long term.

GIC continues to act as sub-advisor to certain DundeeWealth funds under a sub-advisory agreement, which provides GIC with a share of management and performance fee revenues as they are generated. At December 31, 2012, GIC provided sub-advisory and investment services to approximately $0.7 billion (2011 – $0.9 billion) of DundeeWealth's AUM. GIC also provided sub-advisory services to $0.3 billion (2011 – $0.4 billion) of investment products managed by Dundee Securities Ltd.

In addition, GIC provides advisory and investment services to Ravensden Alternative Group Trust ("RAGT"), an investment entity established by GIC in late 2009. At December 31, 2012, this investment entity had raised $82.5 million, including $75.4 million invested directly by Dundee Corporation. The fair value of the Corporation's $75.4 million investment in RAGT was $76.2 million at December 31, 2012.

On January 1, 2013, the management contracts for all of the flow-though limited partnership business carried out under the "CMP", "CDR" and "Canada Dominion Resources" brands, along with Goodman Gold Trust (formerly CMP Gold Trust) were assigned to GIC from the Corporation's brokerage subsidiary, permitting GIC to carry out both investment management and investment advisory activities on behalf of the Corporation.

During the year ended December 31, 2012, GIC earned management fee revenue of $3.4 million (2011 – $5.2 million) and it incurred a net loss of $4.1 million (2011 – net earnings of $0.5 million). The decrease in revenue, and the corresponding decrease in net earnings reflects a decline in the value of AUM, primarily as a result of declining market conditions for commodity-based investment products.

DUNDEE SECURITIES LTD.

Dundee Securities Ltd. is a full-service securities broker and member of the Investment Industry Regulatory Organization of Canada and operates directly and through its sister companies, Dundee Securities Europe LLP, authorized by the Financial Services Authority in the United Kingdom for the purposes of security brokering and asset management, Dundee Securities Inc., a member of the Financial Industry Regulatory Authorities and registered as a broker dealer with the U.S. Securities Exchange Commission, and DCM Insurance Agency Ltd., licensed by the Financial Services Commission of Ontario to carry on business as a life insurance agency (collectively "Dundee Securities").

The core activities of Dundee Securities consist of investment banking, mergers and acquisitions, institutional equity sales and trading, private client financial advisory and equity research. Dundee Securities has aligned its principal focus into specific sector coverage including resources, energy, real estate infrastructure, and fertilizers and agriculture, complementing the Corporation's core competencies. Dundee Securities was also the manager of the flow-through resource limited partnership investment management products carried out through the "CMP", "CDR" and "Canada Dominion Resources" brands prior to the transfer of the management contract to GIC on January 1, 2013 (see "*Goodman Investment Counsel Inc.*").

RESULTS OF OPERATIONS

For the years ended December 31,		2012		2011
Revenues				
Management fees	$	12,601	$	17,981
Financial services				
Investment banking		61,312		50,681
Commissions		38,957		40,694
Principal trading		4,509		78
Foreign exchange trading		642		7,693
Interest and dividends		8,173		4,581
		126,194		121,708
Cost of sales				
Variable compensation		(54,010)		(50,265)
Other items in net earnings attributable to Dundee Securities				
Depreciation		(3,077)		(865)
General and administrative		(61,662)		(60,656)
Interest expense		(309)		-
Foreign exchange gain		(15)		-
Net earnings attributable to Dundee Securities	$	7,121	$	9,922
Net earnings before taxes, Dundee Securities attributable to:				
Owners of Dundee Corporation	$	7,121	$	6,530
Non-controlling interest		-		3,392
Net earnings before taxes, Dundee Securities	$	7,121	$	9,922

Financial services revenue includes revenue from investment banking, commissions, principal trading activities and foreign exchange trading. Aggregate financial services revenue increased to $105.4 million in 2012 compared with $99.1 million in 2011 and reflected both increased revenues in investment banking activities as well as an increase in principal trading gains offset by lower foreign exchange trading gains.

Investment banking revenue, including revenue from new issues and advisory services fees was $61.3 million in 2012, a 21% increase over the $50.7 million earned in 2011 and reflects increased advisory services activities generating revenues of $14.6 million in 2012 compared to $3.1 million in 2011. Advisory services mandates are generally long term in nature, and fees are earned only on the successful completion of a transaction. Increased advisory revenue in the investment banking division was partially offset by lower revenues from new issue transactions. During 2012, Dundee Securities participated in 167 (2011 – 183) public and private new issue transactions, with the mining and oil and gas sectors representing 47% of new issue activity. Reflecting the decrease in the number of new issue transactions, new issue revenue decreased to $46.7 million during 2012 compared with $47.6 million in the prior year.

Commission revenue was $39.0 million during 2012, compared to $40.7 million earned in the prior year. Commission revenue continued to be adversely affected by challenging financial markets and business conditions that persisted globally during 2012.

Principal trading activities generated revenues of $4.5 million during 2012 compared with nominal earnings in 2011, reflecting both mark-to-market gains in respect of broker warrant inventory, as well as increases in Dundee Securities' portfolio of trading securities. However, revenue from foreign exchange trading in particular decreased to $0.6 million during 2012 compared with $7.7 million earned in the prior year, reflecting a substantial decrease in activity relating to investment products managed by DundeeWealth prior to the Corporation's divestment of DundeeWealth in February 2011.

Capital markets professionals and financial advisors are compensated on a variable scale, based on revenues generated. Certain capital markets professionals may also be compensated based on the profitability of their respective divisions. During 2012, variable compensation expense was $54.0 million (2011 – $50.3 million), representing approximately 48% (2011 – 46%) of related financial services revenue, resulting in contribution margins of 52% (2011 – 54%).

Management fee revenue earned from tax assisted investment products, closed-end funds, and financial advisor accounts was $12.6 million during 2012. This compares with $18.0 million earned in 2011. The decrease is the result of decreased AUM as illustrated in the following table.

Assets Under Management and Assets Under Administration

(in millions of dollars)

As at December 31,		2012		2011		2010
AUA	$	3,119	$	3,206	$	3,107
AUM		1,040		1,218		1,369

As previously indicated, on January 1, 2013, certain management contracts associated with tax assisted investment products were transferred by Dundee Securities to the Corporation's asset management subsidiary, GIC. As a result, during 2013, management fees generated pursuant to these management contracts will be part of the Corporation's asset management activities.

General and Administrative Expenses

General and administrative expenses incurred by Dundee Securities were $61.7 million during 2012, compared with $60.7 million in 2011. The increase is due, in part, to the costs of the restructuring process initiated by Dundee Securities following its spin out from DundeeWealth in early 2011, including the separation of back office and operational systems. In addition, Dundee Securities incurred $5.6 million of restructuring costs associated with the process of enhancing its team of professionals located in Calgary, Toronto, Montreal, Vancouver and London, England in order to gain market share.

FINANCIAL CONDITION

Balances Directly Related to Dundee Securities

As at December 31,		2012		2011
Client accounts receivable	$	332,627	$	270,526
Client deposits and related liabilities		(360,209)		(320,824)
Securities owned		73,799		35,697
Securities sold short		(17,289)		(14,199)

Client account balances represent funds owing from or belonging to clients, and amounts due to or from brokers and dealers that are pending settlement. While these amounts may vary significantly on a day-to-day basis, they do not necessarily reflect any meaningful change in Dundee Securities' financial position.

Securities owned and securities sold short represent trading positions of Dundee Securities. Trading positions may also vary significantly on a day-to-day basis depending upon trading strategies in response to market conditions and in anticipation of price movements. These variances do not necessarily reflect any meaningful changes to Dundee Securities' financial position. Trading positions are recorded at their fair value based on quoted prices where available, with changes in market values included in principal trading revenue.

CORPORATE AND OTHER PORTFOLIO INVESTMENTS

Equity Accounted Investments including Real Estate Joint Venture Investments

			December 31, 2012					December 31, 2011				
Trade Symbol	Ref	Investment	Ownership		Carrying Value		Fair Value	Ownership		Carrying Value		Fair Value
D.UN	1	Dundee Real Estate Investment Trust	6%	$	208,326	$	225,382	8%	$	174,577	$	172,519
DPM		Dundee Precious Metals Inc.	23%		136,328		242,529	23%		125,041		250,554
DI.UN	2	Dundee International Real Estate Investment Trust	18%		106,603		138,880	29%		103,983		126,848
RYG		Ryan Gold Corp.	12%		2,785		2,785	12%		13,830		9,191
VOX		360 VOX Corporation	22%		5,378		6,484	23%		6,053		5,283
CRG		Corona Gold Corporation	23%		4,705		3,231	26%		5,123		2,834
ODX		Odyssey Resources Limited	31%		411		1,307	31%		569		1,819
n/a	3	Escal UGS S.L.	33%		-		-	33%		-		-
n/a	4	Real Estate Joint Ventures	n/a		65,204		65,204	n/a		47,917		47,917
				$	**529,740**	**$**	**685,802**		**$**	**477,093**	**$**	**616,965**

References:

1. At December 31, 2012, the Corporation held 6.0 million units of Dundee REIT, of which 1.1 million units were held directly by Dundee Realty.
2. At December 31, 2012, the Corporation held 12.8 million units of Dundee International REIT, of which 2.8 million units were held directly by Dundee Realty.
3. The Corporation's 33% interest in Escal is held through Dundee Energy's 74% owned subsidiary, CLP, giving Dundee Energy an effective 25% interest in Escal.
4. As there are no publicly traded market values for the Corporation's real estate joint ventures, in determining market value, the Corporation has not included any market appreciation or depreciation on these investments from its current cost.

		Three months ended 31-Dec-12		Year ended 31-Dec-12
Carrying value of equity accounted investments, beginning of period	$	509,632	$	477,093
Transactions during the period				
Cash invested in equity accounted investments		12,476		49,528
Distributions received, net of reinvestments		(5,735)		(21,765)
Share of earnings from equity accounted investments		9,399		35,070
Share of other comprehensive income (loss) from equity accounted investments		4,422		(7,131)
Disposition		(446)		(2,756)
Other		(8)		(299)
Carrying value of equity accounted investments, end of period	**$**	**529,740**	**$**	**529,740**

During 2012, the Corporation invested $49.5 million in its portfolio of equity accounted investments, including $26.9 million invested pursuant to public offerings completed by Dundee REIT, and $18.9 million invested in real estate joint ventures. At December 31, 2012, the market value of equity accounted investments was $685.8 million (December 31, 2011 – $617.0 million).

Dundee REIT

Dundee REIT (*www.dundeereit.com*) is an unincorporated, real estate investment trust and is a leading provider of high quality, affordable business premises. It is focused on owning, acquiring, leasing and managing well-located, high quality central business districts and suburban office properties in Canada.

On June 15, 2012, Dundee REIT announced the completion of the acquisition of a 67% interest in the Scotia Plaza complex in downtown Toronto, one of Canada's premier real estate office buildings, for a total purchase price of approximately $1.3 billion. At December 31, 2012, Dundee REIT's portfolio consisted of approximately 22.9 million square feet (2011 – 18.9 million square feet) of gross leaseable area across Canada, excluding properties classified as held for sale and redevelopment.

During 2012, Dundee REIT completed public offerings for the issuance of 16.9 million units, raising gross proceeds of $604.8 million. The Corporation purchased 754,800 units at a cost of $26.9 million pursuant to these public offerings. At December 31, 2012, the Corporation held 6.0 million units of Dundee REIT with a market value of $225.4 million, representing a 6% equity interest. The Corporation continues to account for its investment in Dundee REIT on an equity basis, as it continues to exert significant influence over the operations and financial results of Dundee REIT. Included in the Corporation's aggregate investment in Dundee REIT at December 31, 2012 are 1.1 million units with a market value of $42.0 million that are held directly by Dundee Realty.

Dundee REIT generated net earnings of $291.1 million in 2012 (2011 – $400.9 million), including a fair value gain of $110.8 million (2011 – $233.0 million) in respect of Dundee REIT's investment properties and a fair value loss of $24.0 million (2011 – fair value gain of $38.0 million) in respect of investment properties that are equity accounted by Dundee REIT. Changes in fair values of investment properties may cause significant variations in net earnings. The Corporation's share of earnings from its investment in Dundee REIT during 2012 was $19.9 million (2011 – $32.6 million). Dundee Corporation received distributions from Dundee REIT of $12.7 million during 2012 (2011 – $10.8 million), of which $2.5 million (2011 – $2.3 million) were reinvested in Dundee REIT as part of its dividend reinvestment program.

Dundee Precious Metals Inc.

Dundee Precious Metals Inc. *(www.dundeeprecious.com)* ("Dundee Precious") is a Canadian based international mining company engaged in the acquisition, exploration, development, mining and processing of precious and base metals in Bulgaria, Namibia, Armenia and Serbia.

During 2012, revenue from sales generated by Dundee Precious was US$384.7 million, an increase of US$46.2 million over revenue of US$338.5 million generated in the prior year. The growth was mainly attributable to an increase in deliveries of concentrates, higher volumes of payable gold and copper in concentrate sold and higher average market prices for gold, partially offset by lower volumes of concentrate smelted and lower average market prices for copper. Revenue less cost of sales ("Gross Profit") from mining operations was US$157.0 million during 2012, compared with US$131.8 million in the prior year. The increase in Gross Profit is consistent with the growth in net revenue, reflecting increases in the deliveries of concentrates as well as higher gold prices partially offset by lower copper prices.

Dundee Precious reported net earnings attributable to common shareholders of US$54.4 million during 2012, compared with US$86.1 million in 2011. The decrease in net earnings was due primarily to net losses on derivative commodity contracts, lower copper prices, lower concentrate smelted and higher operating, administrative and exploration expenses. These unfavourable variances were partially offset by reduced unrealized mark-to-market losses related to Dundee Precious' holding of special warrants in Sabina Gold & Silver Corp., higher volumes of payable gold and copper in concentrate sold, a stronger U.S. dollar and higher gold prices.

Instructions issued by the Namibian Minister of Environment and Tourism in April 2012 required Dundee Precious to implement a reduction in feed to its smelter. In July 2012, a technical committee of the Ministry, with the approval of the Minister, authorized a production increase to 75% of the smelter's normal operating capacity. At this level the increase has a significant impact to Dundee Precious as the smelter is capable of processing all current and future concentrate production by Dundee Precious from its Chelopech mine in Bulgaria.

Subsequent to December 31, 2012, Dundee Precious announced that the Bulgarian courts upheld a favourable ruling in respect of Dundee Precious' Krumovgrad Gold Project in Bulgaria, dismissing appeals filed against the positive environmental impact assessment ("EIA"). The EIA is a core permit in the implementation of an investment project, which now allows Dundee Precious to advance this project.

Dundee International REIT

Dundee International REIT (*www.dundeeinternational.com*) is an unincorporated, open-ended real estate investment trust that provides investors with the opportunity to invest in commercial real estate exclusively outside of Canada. At December 31, 2012, Dundee International REIT's portfolio consisted of approximately 13.2 million square feet of gross leasable area, all located in Germany.

During 2012, Dundee International REIT completed public offerings for the issuance of 28.2 million units, raising gross proceeds of $208.1 million. These transactions diluted the Corporation's interest in Dundee International REIT to 18% at December 31, 2012, consisting of 12.8 million units with a market value of $138.9 million. Included in the Corporation's aggregate investment in Dundee International REIT at December 31, 2012 are 2.8 million units with a market value of $30.4 million that are held directly by Dundee Realty.

In addition to the Corporation's equity investment in Dundee International REIT and in support of Dundee International REIT's execution of a term loan credit facility used to partially finance the purchase of certain properties in its initial portfolio, the Corporation agreed that it will maintain at least $120 million of equity in Dundee International REIT for a two-year period following closing of the initial public offering of Dundee International REIT in August 2011, and an aggregate of at least $48 million until the end of the term of the credit facility, which has an initial term of five years, and which may be extended for another two years, subject to certain conditions.

The Corporation has also entered into a sub-participation agreement for €28.9 million with a Canadian chartered bank pursuant to which the Corporation agreed to participate in the Canadian bank's participation in the Dundee International REIT credit facility as outlined above. Under the terms of the sub-participation agreement, the Corporation will be entitled to receive and recover from the Canadian bank its proportionate share of all repayments of principal and interest paid to the Canadian bank pursuant to its entitlement under Dundee International REIT's credit facility. At December 31, 2012, amounts outstanding pursuant to these arrangements were $37.8 million (2011 – $38.1 million).

Subsequent to December 31, 2012, Dundee International REIT announced the acquisition of a 1.5 million square foot portfolio of office properties in Germany for approximately $568 million. In order to provide partial funding for the acquisition, Dundee International REIT entered into a bought deal financing for 20 million units to raise gross proceeds of $220 million.

During 2012, Dundee International REIT reported net earnings of $10.9 million. Net earnings included a fair value loss of $23.3 million in respect of Dundee International REIT's investment properties. The Corporation's share of earnings from its investment in Dundee International REIT during 2012 was $11.5 million, and included a $7.6 million dilution gain resulting from public equity issuances completed by Dundee International REIT during the year. During the current year, the Corporation received cash distributions from Dundee International REIT of $10.2 million.

Ryan Gold Corp. ("Ryan Gold")

The Corporation holds a 12% interest in Ryan Gold, a publicly traded prospective gold exploration company. As a result of current market conditions, in September 2012, Ryan Gold determined that it was appropriate to recognize an impairment of $132.1 million against certain of its properties in northern Canada. During 2012, the Corporation recognized a loss on its investment in Ryan Gold of $11.0 million, including its share of the impairment. The Corporation's investment in Ryan Gold has been reduced to a carrying value of $2.8 million, which approximates its market value.

360 VOX Corporation ("360 VOX")

Through a series of transactions, the Corporation holds a 22% interest in 360 VOX Corporation (*www.360vox.com*), a publicly traded company listed on the TSX Venture Exchange under the symbol "VOX". 360 VOX is engaged in the business of managing, developing and marketing residential, commercial and hospitality-based real estate projects, both directly and through a joint venture with Grupo Hotelero Gran Caribe S.A., an agency of the Cuban government.

On October 29, 2012, 360 VOX announced its intent to acquire a group of real estate businesses in Canada known as Sotheby's International Realty Canada, Sotheby's International Realty Quebec, and Blueprint Global Marketing. This group of real estate businesses is involved in the listing, marketing and selling of condominiums, attached and detached homes, condominium developments and resort properties, both in the residential resale market and stand-alone projects. Pursuant to the terms of these arrangements, the sellers will receive as consideration up to $4.1 million in cash and 54.3 million common shares of 360 VOX, potentially diluting the Corporation's interest.

At December 31, 2012, Dundee Corporation held 48 million shares of 360 VOX with a market value of $6.5 million. During 2012, equity losses from the Corporation's investment in 360 VOX were $0.8 million.

Other Equity Accounted Resource Investments

Other equity accounted resource investments include Odyssey Resources Limited and Corona Gold Corporation. The market value of these investments was $4.5 million as at December 31, 2012 compared with $4.7 million at the end of December 2011.

During the year ended December 31, 2012, the Corporation's share of earnings from these investments was $35.1 million (2011 – $61.8 million) and its share of other comprehensive loss was $7.1 million (2011 – $18.1 million).

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**

* *In the prior year, the Corporation disposed of its interest in Breakwater, realizing a pre-tax gain of $95.6 million.*

Other Direct Investments

At December 31, 2012, the fair value of the Corporation's investment portfolio, excluding its investments in equity accounted entities, was $1.2 billion, including $0.5 billion related to the Corporation's investment in The Bank of Nova Scotia ("Scotiabank"), which the Corporation received as part of its divestment of DundeeWealth in 2011.

		Three months ended 31-Dec-12		Year ended 31-Dec-12
Fair value of investments, beginning of period	$	1,205,211	$	1,484,969
Transactions during the period				
New investments		94,492		364,198
Proceeds from sales of investments		(78,481)		(642,802)
Changes in fair values		5,490		21,654
Other transactions		1,800		493
Fair value of investments, end of period	**$**	**1,228,512**	**$**	**1,228,512**
Represented by:				
Publicly traded securities			$	798,915
Private investments				237,902
Mutual funds and other short term investments				6,894
Debt securities (at amortized cost)				184,801
			$	**1,228,512**

During 2012, the Corporation invested a total of $364.2 million in portfolio investments, including $94.5 million in the fourth quarter. New investments were funded using proceeds on dispositions of other investments, which totalled $642.8 million during 2012, including $78.5 million in the fourth quarter.

Income from Corporate Investments

Dundee Corporation's investments include several public and private investments in a variety of industry sectors. During 2012, the Corporation earned interest and dividend revenues of $49.8 million (2011 – $64.8 million) from cash resources and its corporate investment portfolio, including dividend revenue of $29.8 million (2011 – $49.4 million) from the Corporation's investment in Scotiabank.

The Corporation also realizes a gain or loss in net earnings when it disposes of an investment. During the year ended December 31, 2012, the Corporation realized losses of $77.9 million (2011 – $23.5 million) relating to its investment portfolio, excluding investments accounted for on an equity basis. Included in earnings from investments is $62.1 million of impairment provisions against certain assets.

Realized gains or losses may vary significantly from period to period and are dependent on levels of investment activities. Included in realized losses during the year ended December 31, 2012 are losses of $44.8 million that relate to the Corporation's sale of shares of Scotiabank, which the Corporation received as consideration for its divestment of DundeeWealth. These shares were originally recognized at a price of $56.27 per share, resulting in a gain on the sale of DundeeWealth of $870.8 million. To the extent that Scotiabank shares are sold below this price, the Corporation will realize a loss.

Changes in the unrealized fair values of equity securities that are designated as AFS Securities are recorded as a component of OCI, subject to decreases in fair values that are considered other-than-temporary, in which case they are recorded in net earnings. However, changes in fair values of investments that are designated as financial instruments at fair value through profit and loss are recorded directly in earnings. Changes in fair values of investments that are designated as fair value through profit and loss may add further volatility to the Corporation's net earnings.

OTHER CONSOLIDATED BALANCES AND CAPITAL STRUCTURE

General and Administrative Expenses

Generally, head office costs, including costs associated with corporate governance and related public company costs, are accumulated and reported as head office costs and are not allocated to other operating segments. These costs were $30.3 million during 2012 compared with $42.5 million in the prior year. General and administrative expenses in the prior year included approximately $15.0 million of expenses that were directly related to the gain earned by the Corporation following its divestment of DundeeWealth.

Corporate Interest Expense

Corporate interest expense was $17.9 million in 2012, a $2.8 million increase over $15.1 million of interest expense incurred during 2011, reflecting increases in average borrowings over the respective periods.

Income Tax Expense

The Corporation's effective income tax rate was 49.9% during 2012 (2011 – 22.7%). This effective tax rate is higher than the statutory combined federal and provincial tax rate of 26.5% and can be attributed primarily to two factors; an increase in income tax expense of $6.8 million following the remeasurement of the Corporation's net deferred income tax liabilities arising from the deferral, announced in the 2012 Ontario Budget, of Ontario income tax rate reductions; and an increase in income tax expense of $5.3 million relating to the Part IV tax rate paid on dividend income, which is higher than the average statutory income tax rate. Non tax-deductible items including preference share dividends paid, which were classified as interest expense for accounting purposes, and stock based compensation expense also impacted the effective income tax rate, but were offset by certain non-taxable revenues.

Net Deferred Income Tax Liabilities

The Corporation's net deferred income tax liabilities at December 31, 2012 were $153.2 million, and represent deferred income tax liabilities of $185.3 million, offset by deferred income tax assets of $32.1 million. This compares to net deferred income tax liabilities of $170.7 million at December 31, 2011. Deferred income tax liabilities decreased as a result of the Corporation's divestiture of a portion of its investment in Scotiabank, partially offset by increases in deferred income tax liabilities as a consequence of the remeasurement arising from the deferral of the Ontario income tax rate reductions, as well as changes relating to Dundee Realty. Components of the Corporation's net deferred income tax liabilities are detailed in note 27 to the 2012 Financial Statements.

The Corporation's aggregate income tax loss carry forwards at December 31, 2012 were $52.2 million (2011 – $69.3 million). Included in the Corporation's deferred income tax balance is a tax benefit of $10.0 million (2011 – $17.0 million) in respect of these tax losses.

Corporate Debt

			Revolving Term Credit Facilities			Other		
	$6.7 million Exchangeable Debentures	$92.8 million Corporate	$225 million Corporate	$70 million Dundee Energy	$190 million Dundee Realty	Real Estate Debt	Agriculture Debt	TOTAL
Balance, January 1, 2011	$ 9,418	$ -	$ -	$ 62,371	$ 86,000	$ 91,067	$ -	$ 248,856
Fixed term credit facility	-	42,800	-	-	-	-	-	42,800
Revolving term credit facilities	-	-	224,265	(3,180)	2,000	-	-	223,085
Changes in real estate debt	-	-	-	-	-	31,391	-	31,391
Debentures submitted for exchange	(363)	-	-	-	-	-	-	(363)
Unrealized revaluation adjustment	763	-	-	-	-	-	-	763
Other	65	-	-	-	-	-	-	65
Balance, December 31, 2011	9,883	42,800	224,265	59,191	88,000	122,458	-	546,597
Fixed term credit facility	-	(42,800)	-	-	-	-	75	(42,725)
Revolving term credit facilities	-	-	(196,872)	3,442	(43,000)	-	992	(235,438)
Changes in real estate debt	-	-	-	-	-	66,115	-	66,115
Debentures submitted for exchange	(2,433)	-	-	-	-	-	-	(2,433)
Unrealized revaluation adjustment	842	-	-	-	-	-	-	842
Other	104	-	-	-	-	-	-	104
Balance, December 31, 2012	$ 8,396	$ -	$ 27,393	$ 62,633	$ 45,000	$ 188,573	$ 1,067	$ 333,062

Corporate Revolving Term Credit Facilities – On October 21, 2011, the Corporation established a $225 million revolving term credit facility with a Canadian Schedule I chartered bank. The facility matured on November 11, 2012 and was subsequently extended to March 11, 2013. At December 31, 2012, the Corporation had borrowed $27.4 million pursuant to this facility. The Corporation has pledged certain of its holdings in common and preferred shares of Scotiabank as security against this credit facility.

Subsequent to December 31, 2012, the Corporation entered into an amended credit facility, extending the maturity date to March 10, 2014. There were no other changes to the terms and conditions of the credit facility.

In the prior year, the Corporation had entered into an additional borrowing arrangement with a Canadian Schedule I chartered bank in order to facilitate the Corporation's substantial issuer bid completed in October 2011. During the year ended December 31, 2012, the Corporation repaid $42.8 million towards this arrangement, fully repaying amounts outstanding. The borrowing arrangements were subsequently extinguished.

5.85% Exchangeable Unsecured Subordinated Debentures – The terms of the Corporation's exchangeable debentures provide for the exchange, at the option of the holder, of one $1,000 exchangeable debenture for 33.6134 units of Dundee REIT, subject to certain conditions. The Corporation has placed sufficient units of Dundee REIT into an escrow arrangement established for the purpose of satisfying any potential obligation pursuant to the terms of the exchangeable debentures. During 2012, debenture holders tendered $2.4 million of exchangeable debentures and received 81,772 units of Dundee REIT on the exchange. The Corporation's exchangeable debentures mature on June 30, 2015.

Debt of Subsidiaries

A more detailed discussion of corporate debt in each of the Corporation's business segments is presented under "*Segmented Results of Operations – Changes in Financial Condition*".

Share Capital

As at December 31, 2012, there were 50,946,478 Subordinate Shares and 3,116,333 Class B common shares outstanding. 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. The normal course issuer bid allows the Corporation to purchase up to a maximum of 2,789,554 Subordinate Shares for subsequent cancellation, representing approximately 10% of the public float at the time approval for the normal course issuer bid was granted. During the year ended December 31, 2012, the Corporation acquired 912,900 Subordinate Shares at an average cost of $24.15 per share for cancellation pursuant to the normal course issuer bid. At March 14, 2013, there were 50,947,185 Subordinate Shares and 3,116,333 Class B common shares outstanding.

As at December 31, 2012, the Corporation had granted 1,285,000 options with a weighted average exercise price of $9.40, of which 759,000 were exercisable, as holders had met the vesting criteria and it had also issued 158,138 deferred share units. Details pertaining to the terms of the Corporation's share incentive arrangements are provided in note 25 to the 2012 Financial Statements.

At December 31, 2012, the Corporation had 6.0 million 5.00% cumulative redeemable first preference shares, series 1 ("Preference Shares, series 1") and 5.2 million 6.75% cumulative redeemable first preference shares, series 2 ("Preference Shares, series 2") issued and outstanding. A full description of the terms of the Preference Shares, series 1 and Preference Shares, series 2 is provided in note 19 to the 2012 Financial Statements.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

As at December 31, 2012, the Corporation had cash of $41.8 million compared with $213.5 million at December 31, 2011. In addition, available credit under credit facilities available to the Corporation and its subsidiaries was $269.4 million.

Included in the Corporation's consolidated cash balance is cash used in the operating business of the Corporation's brokerage subsidiaries. These subsidiaries' function in regulated environments and are therefore required to maintain levels of capital in liquid assets in accordance with regulatory requirements. The amount of capital that exists within these regulated entities may dictate the level of business operations, including margin lending, securities trading and corporate finance commitments. Furthermore, the ability to transfer cash resources, which, at December 31, 2012, were $21.4 million, out of these regulated subsidiaries may be limited by their requirement to comply with regulatory capital requirements.

As a registered portfolio manager and exempt market dealer across Canada and an investment fund manager in certain provinces, GIC is also required to maintain minimum capital as prescribed by regulation. At December 31, 2012 and 2011, all of the Corporation's regulated subsidiaries exceeded their minimum regulatory capital requirements.

Significant Sources and Uses of Cash

The Corporation had net cash outflows from continuing operations during 2012 of $171.7 million (2011 – $83.9 million net cash inflows). Significant cash flow items from continuing operations are as follows:

Significant Cash Flows – Operating Activities

For the years ended December 31,		2012		2011
Operating activities:				
Adjusted net earnings	$	103,092	$	114,185
Changes in balances relating to investment dealer activities		(61,845)		149,771
Changes in real estate working capital		(13,972)		(14,137)
Changes in agricultural working capital		1,288		-
Changes in other working capital amounts		21,455		(33,552)
Changes in income taxes payable		47,585		(19,011)
Cash provided from operating activities	$	97,603	$	197,256

- The effect of changes in balances related to investment dealer activities, including client account balances and brokerage securities owned and sold short, will vary significantly on a day-to-day basis. Cash flow balances relating to investment dealer activities also include amounts borrowed or repaid pursuant to call loan facilities. During 2012, these balances resulted in net cash outflow of $61.8 million (2011 – $149.8 million net cash inflow). Changes in cash resulting from these types of transactions may not necessarily reflect any meaningful change in the Corporation's financial position, or that of its subsidiaries.
- During 2012, real estate activities required cash outflows of $14.0 million compared with cash outflow requirements of $14.1 million in the prior year. Due to the longer-term nature of some real estate projects, operating cash flow may vary from period to period.

Significant Cash Flows – Investing Activities

For the years ended December 31,		2012		2011
Investing activities:				
Dividends received from discontinued operations	$	-	$	155,982
Net dispositions (acquisitions) of direct investments		247,953		(73,586)
Net investment in real estate operations		(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)
Other investment activities		(24,529)		(8,729)
Cash provided from investing activities	$	144,481	$	1,552

- During the prior year, the Corporation received a cash dividend of $156.0 million in connection with its divestment of DundeeWealth.
- Cash required or derived from trading in the Corporation's investment portfolio, including equity accounted investments, will vary from period to period and is dependent on trading activity and strategies that may evolve in response to global market conditions or otherwise. During 2012, the Corporation generated net cash of $248.0 million from its investment portfolio (2011 – $73.6 million net invested).
- Net real estate acquisition and development activities, including investments in real estate joint ventures, required cash of $26.0 million during 2012, compared with $42.8 million in the prior year.
- During 2012, the Corporation invested $18.7 million on resource properties, compared with $12.4 million invested in the prior year.
- Net investment in livestock and agricultural assets during 2012 was $34.2 million. There were no significant amounts invested in agricultural assets in the prior year as the Corporation had entered this industry late in the year.
- In the prior year, the Corporation invested $16.2 million in business combinations, including a $12.0 million investment into the agricultural sector.

Significant Cash Flows – Financing Activities

For the years ended December 31,		2012		2011
Financing activities:				
Changes in corporate debt	$	(286,737)	$	273,928
Acquisitions of non-controlling interest		(88,633)		-
Net acquisition of Class A subordinate shares		(21,327)		(379,624)
Dividends paid on Preference Shares, series 2		(8,775)		(8,775)
Dividends paid to non-controlling interest		(10,500)		-
Net issuance (cancellation) of shares by subsidiaries to non-controlling interest		2,189		(476)
Cash used in financing activities	$	(413,783)	$	(114,947)

- Net amounts repaid pursuant to corporate debt facilities during 2012 were $286.7 million (2011 – $273.9 million drawn).
- On February 1, 2012, the Corporation successfully completed the acquisition of all of the outstanding common shares of Dundee Capital Markets Inc., the parent of Dundee Securities, that it did not already own for cash of $1.125 per share, by way of an approved plan of arrangement under the *Ontario Business Corporations Act*. Total cash paid for the transaction was $88.0 million.
- During 2012, the Corporation paid $21.3 million (2011 – $142.1 million) to purchase Subordinate Shares for cancellation under its normal course issuer bid, net of cash received on the issuance of Subordinate Shares. In addition, on October 19, 2011, the Corporation completed a substantial issuer bid to cancel 10 million Subordinate Shares at an aggregate cost of $237.5 million.
- During 2012, the Corporation paid dividends of $8.8 million (2011 – $8.8 million) on outstanding Preference Shares, series 2. The Corporation has not paid a dividend on its Subordinate Shares or on its common shares.
- During 2012, the Corporation's subsidiaries paid dividends of $10.5 million to non-controlling shareholders.

Cash Requirements

The Corporation's capital management and funding objectives include ensuring that the Corporation is compliant with all of its ongoing obligations, including compliance with all applicable debt covenants, and ensuring that the Corporation is able to meet its financial obligations as they become due. In determining its capital allocation, the Corporation considers relevant regulatory capital requirements in order to effectively manage its capital markets business, the use of capital to develop the land and housing business, and resources required for the development of resource and agricultural opportunities. The Corporation's capital management objectives also include ensuring that it has sufficient capital available to benefit from acquisitions and other opportunities, should they arise, and ensuring adequate returns for shareholders. The Corporation regularly assesses the allocation of its capital resources in response to changing economic conditions.

The Corporation's intention is to meet short-term liquidity requirements through funds from operations, working capital reserves and operating debt facilities. In addition, the Corporation anticipates that its operations will continue to provide the cash necessary to fund expenses and debt service requirements. Capital may also be generated through dispositions as the Corporation repositions its investment portfolio in a manner consistent with its stated strategy to maintain a conservative level of debt, while ensuring that sufficient capital is available to execute the Corporation's business plan at all times.

On an ongoing basis, the Corporation will require cash to support regulated subsidiaries, to develop its real estate, resource and agricultural properties, to meet its obligation under its other contractual commitments, and to finance dividend and interest payments on preference shares and debt obligations. The Corporation may also require cash to finance new business initiatives or to invest in other opportunities, including growth opportunities related to its portfolio of investments.

On a consolidated basis, the Corporation believes that operating cash flow, combined with available lines of credit and its portfolio of investments, provide sufficient cash resources for the Corporation to conduct its operations for the foreseeable future.

QUARTERLY SEGMENTED RESULTS OF OPERATIONS

Three months ended December 31, 2012 compared with the three months ended December 31, 2011

On a quarterly basis, consolidated net earnings attributable to owners of the Corporation were $3.2 million, representing earnings per share of approximately $0.02 on a fully diluted basis. This compares with net earnings attributable to owners of the Corporation of $29.7 million in the prior year. The decrease in net earnings reflects a $15.5 million impairment adjustment incurred during the fourth quarter of 2012 in respect of certain resource properties, an increase in realized losses from investments, and reduced earnings from equity accounted investments offset partially by stronger results reported by Dundee Securities.

For the three months ended December 31,		2012		2011
Net earnings (loss) before income taxes from:				
Dundee Realty Corporation	$	46,340	$	42,346
Dundee Energy Limited		(18,289)		113
Eurogas International Inc.		(185)		22
Nichromet Extraction Inc.		(1,433)		(613)
Blue Goose Capital Corp.		(2,263)		(693)
Goodman Investment Counsel Inc.		(1,618)		9
Dundee Securities Ltd.		11,638		1,867
Corporate and other portfolio holdings		(24,196)		(826)
		9,994		42,225
Income taxes		(2,778)		(2,955)
Net earnings for the period	**$**	**7,216**	**$**	**39,270**
Net earnings attributable to:				
Owners of the parent	$	3,220	$	29,675
Non-controlling interest		3,996		9,595
	$	**7,216**	**$**	**39,270**

DUNDEE REALTY CORPORATION

For the three months ended December 31,		2012		2011
Revenues				
Management fees	$	14,410	$	5,328
Real estate revenues		155,894		135,082
		170,304		140,410
Cost of sales		(118,394)		(95,554)
Other items in net earnings before taxes				
Depreciation		(740)		(559)
General and administrative		(5,750)		(2,663)
Share of earnings from equity accounted investments		487		1,520
Fair value changes in investment properties		3,478		2,019
Interest expense		(3,045)		(2,827)
Net earnings before taxes, Dundee Realty Corporation	$	46,340	$	42,346
Net earnings before taxes, Dundee Realty Corporation attributable to:				
Owners of Dundee Corporation	$	35,521	$	33,249
Non-controlling interest		10,819		9,097
Net earnings before taxes, Dundee Realty Corporation	$	46,340	$	42,346

Asset Management Revenues

During the fourth quarter of 2012, Dundee Realty earned management and advisory service revenue of $14.4 million (2011 – $5.3 million). Consistent with year-over-year results, the increase reflects a substantial increase in the value of AUM, including the effect from acquisitions completed.

Margins from Real Estate Operations

During the fourth quarter of 2012, real estate operations generated contribution margins of $37.5 million or 24.1% on revenues of $155.9 million. This compares with margins of $39.5 million or 29.3% on revenues of $135.1 million in the same quarter of 2011.

For the three months ended December 31,	2012				2011			
Components of Real Estate Operations*	Revenue	Costs	Margin	% Margin	Revenue	Costs	Margin	% Margin
Inventory								
Land under development	$ 88,268	$ 62,685	$ 25,583	29.0%	$ 92,815	$ 61,901	$ 30,914	33.3%
Housing	20,643	18,114	2,529	12.3%	19,717	17,743	1,974	10.0%
Condominiums	34,516	27,354	7,162	20.7%	8,942	7,846	1,096	12.3%
Investment properties	1,556	857	699	44.9%	1,636	771	865	52.9%
Income-producing properties	9,241	9,384	(143)	(1.5%)	7,880	7,293	587	7.4%
Other	1,670	-	1,670	n/a	4,092	-	4,092	n/a
	$ 155,894	$ 118,394	$ 37,500	24.1%	$ 135,082	$ 95,554	$ 39,528	29.3%

** Excludes general and administrative expenses, interest expense and depreciation*

Revenue from land sales in the fourth quarter of 2012 was $88.3 million generating contribution margins of $25.6 million or 29.0%. This compares with revenue of $92.8 million generating contribution margins of $30.9 million or 33.3% in the same quarter of 2011. The $4.5 million decrease in revenue and the $5.3 million decrease in contribution margins were driven primarily by lower revenues in Dundee Realty's Stonebridge project in Saskatoon and its Meadows project in Edmonton. These decreases were partially offset by higher sales in Dundee Realty's Harbour Landing project in Regina and the Evansridge project in Calgary.

During the fourth quarter of 2012, Dundee Realty sold 609 lots (fourth quarter of 2011 – 719 lots) in western Canada at an average selling price of $127,000 per lot (fourth quarter of 2011 – $121,000 per lot). In addition, Dundee Realty sold 18 parcel acres (fourth quarter of 2011 – 9 parcel acres) in western Canada at an average price of $634,000 per acre (fourth quarter of 2011 – $659,000 per acre).

Revenue from sales of housing units increased marginally to $20.6 million in the fourth quarter of 2012, compared to $19.7 million in the same period of the prior year. During the current quarter, Dundee Realty sold 57 single-family homes in western Canada (fourth quarter of 2011 – 61 single-family homes) at an average price of $426,000 per home (fourth quarter of 2011 – $383,000 per home).

Revenue from sales of condominium units increased by $25.6 million to $34.5 million in the fourth quarter of 2012, primarily due to the sale and occupancy of 177 units at Dundee Realty's Clear Spirit project in Toronto.

Revenue and contribution margins from investment properties remained consistent in the fourth quarter of 2012 compared with operating results in the same quarter of the prior year. During the fourth quarter of 2012, the fair value of investment properties increased by $3.5 million (fourth quarter of 2011 – $2.0 million).

Revenue from income-producing properties increased to $9.2 million in the fourth quarter of 2012 from $7.9 million in the same period of the prior year. These properties incurred a loss of $0.1 million in the current quarter, compared with a gain of $0.6 million in the fourth quarter of 2011. Dundee Realty's ski operations in Colorado broke even in the fourth quarter of 2012, a decline from the prior year's margin of $0.4 million. An operating loss was avoided due to cost cutting measures implemented in response to the effect of poor weather conditions on skier visits. Dundee Realty's 17% interest in the King Edward Hotel incurred negative contribution margins in the fourth quarter of 2012 as a result of management temporarily limiting the number of units being made available to guests during condominium construction.

DUNDEE ENERGY LIMITED

For the three months ended December 31,		2012		2011
Revenues				
Oil and gas sales	$	7,507	$	9,459
Interest and dividends		14		47
		7,521		9,506
Cost of sales		(3,427)		(2,248)
Other items in net earnings before taxes				
Depreciation and depletion*		(19,289)		(4,339)
General and administrative		(2,126)		(2,722)
Gain on derivative financial instruments		114		1,038
Interest expense		(1,111)		(1,088)
Foreign exchange gain (loss)		29		(34)
Net (loss) earnings before taxes, Dundee Energy Limited	$	(18,289)	$	113
Net (loss) earnings before taxes, Dundee Energy attributable to:				
Owners of Dundee Corporation	$	(12,459)	$	(285)
Non-controlling interest		(5,830)		398
Net (loss) earnings before taxes, Dundee Energy Limited	$	(18,289)	$	113

** Includes a $15.5 million impairment provision against certain resource properties recognized during the fourth quarter of 2012.*

The net loss incurred by Dundee Energy includes a $15.5 million impairment against certain natural gas resource properties as outlined previously.

Field Level Cash Flows and Field Netbacks

For the three months ended December 31,						2012						2011
		Natural Gas		Oil and Liquids		Total		Natural Gas		Oil and Liquids		Total
Total sales	$	3,471	$	5,378	$	8,849	$	3,977	$	7,041	$	11,018
Realized risk management gain		301		550		851		629		1		630
Royalties		(487)		(855)		(1,342)		(581)		(978)		(1,559)
Production expenditures		(1,716)		(1,711)		(3,427)		(963)		(1,285)		(2,248)
Field level cash flows	$	1,569	$	3,362	$	4,931	$	3,062	$	4,779	$	7,841

During the fourth quarter of the current year, Dundee Energy earned net revenue of $7.5 million from oil and natural gas sales compared to $9.5 million in the same period of the prior year. The decrease is a result of a decline in production volumes, which accounted for $0.9 million of the overall decrease, and falling commodity prices, which further decreased net sales by $1.1 million compared to the same quarter of the prior year.

Field level cash flows in the fourth quarter of 2012 were $4.9 million, a decrease of 37% from field level cash flows generated in the fourth quarter of the prior year. Field level cash flows include a gain of $0.9 million (fourth quarter of 2011 – $0.6 million) from risk management contracts. A large part of Dundee Energy’s field operations are conducted on or near Lake Erie. As these operations are limited during the winter months, the majority of repair and maintenance and capital expenditure programs are conducted throughout the third and fourth quarters of each year.

For the three months ended December 31,						2012						2011
		Natural Gas		Oil and Liquids		Total		Natural Gas		Oil and Liquids		Total
		$/Mcf		$/bbl		$/boe		$/Mcf		$/bbl		$/boe
Total sales	$	3.82	$	82.70	$	40.87	$	4.05	$	96.84	$	46.61
Realized risk management gain		0.33		8.46		3.93		0.64		0.01		2.66
Royalties		(0.54)		(13.16)		(6.20)		(0.59)		(13.44)		(6.59)
Production expenditures		(1.89)		(26.31)		(15.84)		(0.98)		(17.66)		(9.51)
Field netbacks	$	1.72	$	51.69	$	22.76	$	3.12	$	65.75	$	33.17

OTHER SUBSIDIARIES IN THE RESOURCE SECTOR

During the fourth quarter of 2012, EII incurred losses of $0.2 million (fourth quarter of 2011 – nominal), primarily attributable to activities related to obtaining the renewal of the Sfax Permit. Nichromet incurred losses of $1.4 million in the fourth quarter of 2012 (fourth quarter of 2011 – $0.6 million). The Corporation anticipates that administrative costs in Nichromet will increase in the short term as it works towards the development of its demonstration pilot plant.

BLUE GOOSE CAPITAL CORP.

For the three months ended December 31,		2012		2011*
Revenues				
Sales of livestock	$	2,384	$	178
Interest and dividends		-		-
		2,384		178
Cost of sales		(6,846)		(155)
Other items in net earnings before taxes				
Depreciation and depletion		(418)		-
General and administrative		535		(716)
Fair value changes in livestock		2,178		-
Interest expense		(96)		-
Net loss before taxes, Blue Goose	$	(2,263)	$	(693)
Net loss before taxes, Blue Goose attributable to:				
Owners of Dundee Corporation	$	(1,718)	$	(549)
Non-controlling interest		(545)		(144)
Net loss before taxes, Blue Goose	$	(2,263)	$	(693)

* *Since acquisition in December 2011*

During the fourth quarter of 2012, Blue Goose generated revenues of $2.4 million and incurred a net loss before taxes of $2.3 million. Blue Goose continues to incur costs in the development of its business, as it implements its vertically integrated business model.

GOODMAN INVESTMENT COUNSEL INC.

Management fee revenue earned by GIC during the fourth quarter of 2012 was $0.7 million on average AUM of $1.0 billion. This compares with management fee revenue of $1.0 million earned on average AUM of $1.4 billion in the same period of the prior year. GIC incurred a net loss in the fourth quarter of 2012 of $1.6 million (fourth quarter of 2011 – $nil).

DUNDEE SECURITIES LTD.

Improved capital markets revenue generation, partially offset by certain restructuring costs in investment banking, resulted in pre-tax earnings of $11.6 million in the fourth quarter of 2012, compared with $1.9 million in the fourth quarter of the prior year.

For the three months ended December 31,		2012		2011
Revenues				
Management fees	$	3,083	$	3,974
Financial services				
Investment banking		24,935		14,357
Commissions		9,718		8,234
Principal trading		(1,448)		2,314
Foreign exchange trading		83		2,446
Interest and dividends		2,632		1,177
		39,003		32,502
Cost of sales				
Variable compensation		(12,865)		(7,005)
Other items in net earnings				
Depreciation		(2,075)		(211)
General and administrative		(12,310)		(23,419)
Interest expense		(97)		-
Foreign exchange gain		(18)		-
Net earnings attributable to Dundee Securities	$	11,638	$	1,867
Net earnings before taxes, Dundee Securities attributable to:				
Owners of Dundee Corporation	$	11,638	$	1,453
Non-controlling interest		-		414
Net earnings before taxes, Dundee Securities	$	11,638	$	1,867

Revenues in Dundee Securities increased to $39.0 million in the fourth quarter of 2012 from $32.5 million in the same period of the prior year. Investment banking revenue increased by 74% relative to the fourth quarter of the prior year, primarily as a result of an increase in advisory fees and new issue transactions in the current quarter. Commission revenue increased to $9.7 million in the current quarter, compared to $8.2 million earned in the same period of the prior year.

Variable compensation expense was $12.9 million in the fourth quarter of 2012 after reflecting a $3.0 million adjustment of prior quarter accruals based upon forecasted profitability that did not materialize. After accounting for this adjustment, contribution margin was 54% as a percentage of financial services revenue. This compares with variable compensation expense of $7.0 million in the fourth quarter of 2011 after reflecting a similar adjustment of $5.0 million resulting in an adjusted 59% contribution margin. The difference reflects changes in revenues that are associated with different compensation rates.

Management fee revenue earned from tax assisted investment products, closed-end funds, and financial advisor accounts was $3.1 million in the three months ended December 31, 2012. This compares with $4.0 million earned in the same period of the prior year. Consistent with year-to-date results, the decrease reflects a decline in AUM levels.

General and administrative expenses incurred by Dundee Securities were $12.3 million in the fourth quarter of 2012, compared with $23.4 million in the same period of the prior year and begins to reflect the normalization of back office costs following the completion of the disaggregate of the capital markets business from DundeeWealth.

CORPORATE AND OTHER PORTFOLIO HOLDINGS

Equity Earnings

For the three months ended December 31,		2012		2011
Dundee Real Estate Investment Trust	$	6,080	$	17,688
Dundee Precious Metals Inc.		3,780		6,175
Dundee International Real Estate Investment Trust		786		(7,597)
Ryan Gold Corp.		(1,810)		(481)
360 VOX Corporation		65		(199)
Corona Gold Corporation		44		27
Odyssey Resources Limited		(33)		(46)
Escal UGS S.L.		-		-
		8,912		15,567
Real estate joint venture investments		487		1,520
	$	**9,399**	**$**	**17,087**

Other Direct Investments

During the fourth quarter of 2012, the Corporation incurred a loss of $33.1 million (fourth quarter of 2011 – $14. 8 million) from its portfolio of direct investments. Included in the loss is approximately $32.4 million of mark-to-market adjustments including provisions of $25.6 million against certain investments. The Corporation received proceeds of $78.5 million during the fourth quarter of 2012 and realized a loss from direct sales of investments of $1.0 million.

The Corporation reinvested a total of $95 million in its portfolio during the fourth quarter, including approximately $34 million in the resource sector, $43 million in energy-based securities and $18 million in real estate investments.

SELECTED ANNUAL INFORMATION

(In thousands of Canadian dollars, except per share amounts)

As at and for the years ended December 31,		2012		2011		2010
Revenues	$	702,281	$	574,039	$	680,788
Net earnings from continuing operations						
attributable to owners of the parent		10,826		153,481		160,466
Earnings per share from continuing operations						
Basic		$0.04		$2.23		$2.10
Diluted		$0.04		$2.17		$2.05
Net earnings attributable to owners of the parent		10,826		1,014,639		201,103
Earnings per share						
Basic		$0.04		$15.53		$2.66
Diluted		$0.04		$15.10		$2.56
Total assets		3,386,096		3,481,599		4,066,843
Total liabilities		1,370,947		1,462,852		1,998,400
Dividends per share						
Subordinate Voting Shares		-		-		-
Class B Common Shares		-		-		-
Preference Shares, series 1		$1.25		$1.25		$1.25
Preference Shares, series 2		$1.69		$1.69		$1.69

CONSOLIDATED QUARTERLY BUSINESS TRENDS

	2012				2011			
For the three months ended	31-Dec	30-Sept	30-Jun	31-Mar	31-Dec	30-Sept	30-Jun	31-Mar
Net earnings (loss) for the period								
Continuing operations	$ 3,220	$ (8,060)	$ (16,795)	$ 32,461	$ 29,675	$ 88,636	$ 21,006	$ 14,164
Discontinued operations	-	-	-	-	-	-	-	861,158
Net earnings (loss) attributable to owners of the parent	$ 3,220	$ (8,060)	$ (16,795)	$ 32,461	$ 29,675	$ 88,636	$ 21,006	$ 875,322
Earnings (loss) per share								
Basic								
Continuing operations	$ 0.02	$ (0.19)	$ (0.34)	$ 0.55	$ 0.48	$ 1.33	$ 0.28	$ 0.17
Discontinued operations	-	-	-	-	-	-	-	12.34
	$ 0.02	$ (0.19)	$ (0.34)	$ 0.55	$ 0.48	$ 1.33	$ 0.28	$ 12.51
Diluted								
Continuing operations	$ 0.02	$ (0.19)	$ (0.34)	$ 0.53	$ 0.47	$ 1.29	$ 0.27	$ 0.17
Discontinued operations	-	-	-	-	-	-	-	12.03
	$ 0.02	$ (0.19)	$ (0.34)	$ 0.53	$ 0.47	$ 1.29	$ 0.27	$ 12.20

- Included in net earnings are realized gains or losses relating to the Corporation's direct investments in public and private securities. Realized gains or losses are only recorded in net earnings upon disposal of an investment or when the Corporation has determined that there has been an impairment in its underlying carrying value. The Corporation may therefore experience significant quarterly fluctuations in net earnings resulting from its direct investments. Included in each of the second, third and fourth quarters of 2012 are $34.0 million, $32.4 million and $33.1 million respectively, of realized losses in respect of the Corporation's direct investments.
- In the fourth quarter of 2011, the Corporation completed a substantial issuer bid pursuant to which it acquired 10 million Subordinate Shares of the Corporation for subsequent cancellation. The reduction in the number of Subordinate Shares outstanding is reflected in the determination of earnings per share in the fourth quarter of 2011 and beyond.
- Net earnings in the third quarter of 2011 include a pre-tax gain of $95.6 million from the Corporation's divestment of its interest in Breakwater.
- Net earnings in the first quarter of 2011 include a gain of $870.8 million from the Corporation's divestment of DundeeWealth.
- The Corporation may earn performance fee revenue if the returns on AUM exceed established benchmarks. Performance fees are contingent on the market values of the underlying portfolio at a specified point in time, generally at the calendar year end, or upon the conclusion of limited partnership arrangements. The Corporation may experience fluctuations in period-over-period revenues as performance fees are only recorded in earnings when amounts are determined with certainty.
- Revenue from real estate activities may fluctuate significantly from period to period, due to the timing of project registrations, the cyclical nature of real estate markets and the mix of assets sold. Real estate operations are project driven. Real estate revenue and associated real estate operating costs are only included in operations in periods when a development project is completed and sold. Otherwise, these costs are deferred as real estate assets. This may cause significant fluctuations in net earnings from period to period.
- The Corporation's share of earnings from equity accounted investments is included in net earnings for each quarter. Earnings from each equity accounted investment and dilution gains and losses from these investments will fluctuate from period to period and may depend on market forces or other operating conditions that are not necessarily under the Corporation's direct control.

OFF-BALANCE SHEET ARRANGEMENTS

In the normal course of business, the Corporation executes agreements that provide for indemnification 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 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 services. 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 the consolidated financial statements with respect to these indemnifications.

As at December 31, 2012, Dundee Realty was contingently liable for letters of credit and surety bonds in the amount of $80.7 million (2011 – $60.5 million) to support land and condominium developments and $45.2 million (2011 – $42.9 million) to support its equity accounted investments.

Dundee Realty may conduct its real estate activities from time to time through joint ventures with third party partners. At December 31, 2012, the Corporation was contingently liable for the obligations of the other owners of the unincorporated joint ventures in the amount of $67.4 million (2011 – $41.8 million). The Corporation has available to it the other venturers' share of assets to satisfy the obligations, if any, that may arise.

On December 31, 2012, Dundee Energy had issued a letter of credit for $3.3 million (2011 – $3.3 million) in favour of the Ministry of Natural Resources in connection with future abandonment and site restoration costs.

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 may arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the consolidated financial statements of the Corporation.

COMMITMENTS AND CONTINGENCIES

Commitments and contingencies are detailed in note 33 to the 2012 Financial Statements. The following table summarizes payments due for the next five years and thereafter in respect of the Corporation's contractual obligations and the obligations of its subsidiaries.

	Expected Payments Schedule				
	2013	2014 to 2015	2016 to 2017	Thereafter	TOTAL
$225 million revolving term credit facility	$ 27,393	$ -	$ -	$ -	$ 27,393
5.85% exchangeable debentures	-	8,396	-	-	8,396
Real estate debt	171,907	43,456	18,046	164	233,573
$70 million demand revolving credit facility, Dundee Energy	62,633	-	-	-	62,633
Debt secured against agricultural assets	1,067	-	-	-	1,067
Decommissioning liabilities (undiscounted) (i)	1,829	2,123	2,284	75,076	81,312
Leases and other commitments (ii and iii)	14,173	21,542	14,244	22,974	72,933
Interest	8,752	5,713	1,036	49	15,550
	$ 287,754	$ 81,230	$ 35,610	$ 98,263	$ 502,857

(i) Represents estimated costs of site abandonment and restoration activities.

(ii) Operating lease obligations include minimum lease commitments to landlords, suppliers and service providers. Several of these leases oblige the Corporation or its subsidiaries to pay additional amounts if usage or transaction activity exceeds specified levels.

(iii) The Corporation has entered into compensation arrangements with certain employees, subject to vesting requirements as provided in the terms of each arrangement. This amount has been included with "leases and other commitments" in the table above.

- Dundee Realty had commitments under land purchase agreements totalling $46.9 million as at December 31, 2012 (2011 – $55.4 million) which will become payable in future periods upon the satisfaction of certain conditions pursuant to such agreements. These amounts have not been included in the prior table.

- The Corporation's interest in Dundee Realty is subject to a shareholders' agreement with the non-controlling shareholder of Dundee Realty pursuant to which the non-controlling shareholder may require the Corporation to repurchase the non-controlling shareholder's interest in Dundee Realty at fair value, determined in accordance with the shareholder's agreement (the "Put Option"), for cash. The Put Option is not reflected in the prior table as it is a contingent obligation, the value of which cannot be reliably measured.

- Dundee Energy has arranged for a $70 million (2011 – $80.0 million) demand revolving credit facility with a Canadian chartered bank, for the benefit of DELP. The credit facility is structured as a demand revolving loan, and is subject to a tiered interest rate structure that varies based on the net debt to cash flow ratio generated from the assets of DELP.

- In connection with resource properties in southern Ontario, Dundee Energy is committed to certain site restoration and reclamation activities. At December 31, 2012, the obligation associated with these commitments was estimated at $81.3 million on an undiscounted basis, of which approximately $1.8 million is expected to be incurred in 2013.

- As part of the Tunisian government's renewal of the Sfax Permit to December 8, 2015, EII and its joint venture partner are committed to drilling two exploration wells. The actual cost for each drilling obligation will depend on the selection of the prospect and the location within the Sfax Permit. In the event that these work commitments are not completed prior to the expiry of the Sfax Permit, a compensatory payment of up to US$8 million per undrilled well will be payable to the Tunisian government by the joint venture partners, less any amounts previously incurred by the joint venture partners in respect of the furtherance of these obligations.

- As part of the sale of DundeeWealth in February 2011, the parent of Dundee Securities indemnified 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. Sino-Forest received an order for creditor protection in March 2012 and its Companies' Creditors Arrangement Act plan was implemented in January 2013. One of the parties indemnified by the parent of Dundee Securities 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 violations. The Corporation cannot reliably estimate the timing and quantification of any exposure it may have as a result of the Sino-Forest underwritings. Therefore, these amounts have not been included in the prior table.

- In the normal course of its asset management business, the Corporation may invest in structures or investment products that require an upfront commitment, in expectation that the Corporation will fund its commitment in the future on a drawdown basis. The Corporation does not record these obligations, but rather, amounts drawn are subsequently recorded as incurred.

- The Corporation may 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.

RELATED PARTY TRANSACTIONS

The Corporation has not entered into any transactions with related parties, other than as disclosed in note 34 to the 2012 Financial Statements.

ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The preparation of the Corporation's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. Critical accounting estimates represent estimates made by management that are, by their very nature, uncertain. 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. A summary of the significant judgments and estimates made by management in the preparation and analysis of the Corporation's financial results is included in note 4 to the 2012 Financial Statements.

CONTROLS AND PROCEDURES

In accordance with the Canadian Securities Administrators' National Instrument 52-109, the Corporation has filed certificates signed by its Chief Executive Officer and the Chief Financial Officer certifying that, among other things, the design of disclosure controls and procedures and the design of internal control over financial reporting are adequate as at December 31, 2012.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Corporation in the reports it files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and reported to management, including the Corporation's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow required disclosures to be made in a timely fashion. Based on their evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of December 31, 2012, the Corporation's disclosure controls and procedures were effective.

The Chief Executive Officer and Chief Financial Officer of the Corporation have also evaluated whether there were changes to the Corporation's internal control over financial reporting during the year ended December 31, 2012 that have materially affected, or are reasonably likely to materially affect the Corporation's internal control over financial reporting. There were no changes identified during their evaluation.

MANAGING RISK

The risks faced by the Corporation are described in the Corporation's 2012 Annual Information Form under "Risk Factors" which is available on SEDAR at *www.sedar.com*.

FORWARD LOOKING STATEMENTS

Dundee Corporation's public communications may include written or oral forward looking statements. Statements of this type are included in this MD&A, and may be included in other filings with the Canadian regulators, stock exchanges or in other communications. All such statements constitute forward looking information within the meaning of securities law and are made pursuant to the "safe harbour" provisions of applicable securities laws. Forward looking statements may include, but are not limited to, statements about anticipated future events or results including comments with respect to the Corporation's objectives and priorities for 2013 and beyond, strategies or further actions with respect to the Corporation, its products and services, business operations, financial performance and condition. Forward looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions concerning matters that are not historical facts. Such statements are based on current expectations of the Corporation's management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and those affecting the financial services, real estate and resource industries generally. The forward looking information contained in this MD&A is presented for the purpose of assisting shareholders in understanding business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes.

A number of risks, uncertainties and other factors may cause actual results to differ materially from the forward looking statements contained in this MD&A, including, among other factors, those referenced in the section entitled "Risk Factors" in the Corporation's Annual Information Form, which include, but are not limited to, general economic and market conditions; the Corporation's ability to execute strategic plans and meet financial obligations; the performance of the Corporation's principal subsidiaries; the Corporation's ability to raise additional capital; the Corporation's ability to create, attract and retain AUM and AUA; risks relating to trading activities and investments; competition faced by the Corporation; regulation of the Corporation's businesses; successful integration of the Corporation with acquired businesses and the realization of any anticipated synergies; risks associated with the Corporation's real estate and resource businesses and the Corporation's investment holdings in general, including risks associated with oil and gas and mining exploration, development and production activities, environmental risks, inflation, changes in interest rates, commodity prices and other financial exposures; the availability and adequacy of insurance coverage for the Corporation and its subsidiaries; maintenance of minimum regulatory capital requirements for certain of the Corporation's subsidiaries; potential liability of the Corporation and its subsidiaries under securities laws and for violations of investor suitability requirements; and the ability of the Corporation and its subsidiaries to attract and retain key personnel. The preceding list is not exhaustive of all possible risk factors that may influence actual results, and is compiled based upon information available as of March 14, 2013.

Forward looking statements contained in this MD&A are based upon assumptions about the future performance of the Canadian, European and United States economies, which were material factors considered by management when setting Dundee Corporation's strategic priorities and objectives. In determining expectations for economic growth in the real estate, resource and capital markets sectors, the Corporation considered historical economic data provided by the Canadian government and its agencies, market and general economic conditions, which factors are unpredictable and may impact the Corporation's performance.

Forward looking statements contained in this MD&A are not guarantees of future performance and, while forward looking statements are based on certain assumptions that the Corporation considers reasonable, actual events and results could differ materially from those expressed or implied by forward looking statements made by the Corporation. Prospective investors are cautioned to consider these and other factors carefully when making decisions with respect to the Corporation and not place undue reliance on forward looking statements. Circumstances affecting the Corporation may change rapidly. Except as may be required by applicable law, the Corporation does not undertake any obligation to update publicly or revise any such forward looking statements, whether as a result of new information, future events or otherwise.

INFORMATION CONCERNING DUNDEE CORPORATION

Additional information relating to Dundee Corporation, including a copy of the Corporation's Annual Information Form, may be found on SEDAR at *www.sedar.com* and the Corporation's website at *www.dundeecorp.com*.

Toronto, Ontario
March 14, 2013