



NEWS RELEASE

DUNDEE RESPONDS TO NEWS RELEASES OF FORMATION

Shareholders are urged to Vote their BLUE Proxy FOR New Experienced Directors to Revitalize Formation

Toronto, June 17, 2013 – Dundee Corporation (TSX: DC.A) (“Dundee”), the holder of 17.08% of the common shares of Formation Metals Inc. (TSX:FCO) (“Formation”), responded today to the news releases issued by Formation on June 11, 2013 and June 14, 2013 by stating that shareholders should see the news releases for what they are, a continuing attempt by management to entrench itself and not being held to account by the current Board.

Imprudent and Unauthorized Sale of Sunshine Refinery

Dundee’s interests as a significant shareholder of Formation are aligned with the other shareholders of Formation. Dundee has filed a Petition in the Supreme Court of British Columbia against the Company, its existing directors and Waterton Global Resource Management, Inc. (“Waterton”) seeking to restrain Formation from proceeding with the sale of its Sunshine precious metals refinery and related facilities and lands in Idaho (together, the “Complex”).

Dundee is of the view that Formation’s letter agreement with Waterton, as described in Formation’s June 6, 2013 news release, is not in the best interests of the shareholders, given that:

- a. Formation’s recent public disclosure with respect to the value to Formation of the Sunshine refinery is inconsistent with its decision to enter into the letter agreement. In its May 2, 2013 news release announcing that Formation would not be proceeding with underground development of the Idaho Cobalt Project, Formation announced that “Management intends to focus its efforts on the advancement of the business at the Sunshine Precious Metals Refinery to increase cash flow, and on a strategic review of its precious metals properties.”
- b. The timing of the proposed sale is incredibly suspect, given that the announcement came only a few days after Formation was informed that Dundee proposed to nominate non-management directors at the Annual General and Special Meeting (the “Meeting”) to be held on June 21, 2013. As noted in Formation’s June 6, 2013 news release, the sale is subject to the parties entering into a definitive acquisition agreement by June 20, 2013 (which is only the day before the Meeting).
- c. The proposed US\$9 million price for the Complex falls far short of its fair market value. In its June 14, 2013 news release, Formation acknowledges that subsequent to its announcement of the letter agreement with Waterton, it has received an unsolicited proposal from Sunshine Silver Mines Corporation to purchase the subsidiary of the company that owns the Complex and certain other assets for U.S.\$12 million, a price 25% higher than the sale price that Formation has agreed to with Waterton.
- d. Formation’s June 6, 2013 news release indicates that Formation is required to pay Waterton a break fee of U.S.\$1 million and a portion of its costs in “certain circumstances”; this break fee, which represents approximately 11% of the sale price, is excessive, particularly in a circumstance where Formation has not conducted an auction process to attract the interest of other potential purchasers of the Complex, including those with a known interest.
- e. Formation’s 2013 financial statements indicate that the Sunshine refinery provides the only source of operating revenue and earnings for Formation.

Dundee is of the view that the Complex constitutes a critical component of Formation's core business, given that the Complex is, and has previously been described by Management as, a necessary and integral part of the Idaho Cobalt Project. In our view, the proposed sale of the Complex represents a sale of substantially all of the undertaking of the Company, requiring a special resolution of the shareholders – which Formation has not sought although it easily could have done so.

Support of Shareholders

Management has done its best to obstruct our proxy solicitation. Only in the face of a Court filing to obtain the list of Non-Objecting Beneficial Owners for Formation did Management authorize its transfer agent to release the NOBO list to Dundee. Notwithstanding Management's obstruction, we wish to thank fellow shareholders for the strong support demonstrated to date. We remind all shareholders, regardless of how many shares they own, that to ensure much needed change, they must submit their **BLUE** proxies to our proxy solicitation agent, D.F. King & Co., Inc., prior to Tuesday, June 18, 2013 at 6:00 p.m. (Pacific time). A letter and proxy circular urging Formation shareholders to vote for Dundee's two director nominees are available for review on-line at www.sedar.com.

Dundee has delivered a letter to Formation today requesting arrangements for the Meeting that will ensure the meeting takes place with integrity and that the shareholders are not inconvenienced or disenfranchised either before or at the Meeting, including:

- Providing Dundee's representatives with an opportunity to inspect all proxies (and related materials) received as at the deadline for the deposit of proxies.
- Given that the election of directors will be contested at the Meeting, requesting the appointment of an independent Chairman – a procedure that is widely accepted as good corporate governance practice – in order to ensure an orderly and fair meeting.
- Requesting the right to review the tabulation of the results of each ballot at the Meeting.

How much is Management paying Kingsdale?

Dundee has complied with the law by disclosing to shareholders the hiring of D.F. King & Co., Inc. as its proxy solicitation agent and the fees to be paid to D.F. King & Co., Inc. for its services. Formation's management information circular dated May 21, 2013 does not disclose the hiring of Kingsdale Shareholders Services Inc. as its proxy solicitation agent or the compensation being paid to Kingsdale, which is a breach of the law.

Dundee urges shareholders to take immediate action to vote for its two highly-qualified director nominees – **David Christie, P.Geo.** and **Paul A. Carroll, Q.C.** Dundee's objective is to deliver appropriate returns for all shareholders. Its two director nominees will add highly qualified directors to the Board of Directors with extensive experience in the mining industry and they will diligently supervise management and be committed to adhering to appropriate corporate governance practices.

VOTING INSTRUCTIONS

All shareholders are urged to read Dundee's information circular, and to seize this opportunity to ensure change at Formation by voting the **BLUE** proxy. Shareholders who have voted the management proxy have every right to change their vote to support the Concerned Shareholder by simply executing a **BLUE** proxy or voting instruction form. A later dated **BLUE** proxy or voting instruction form replaces a previously recorded one. The **BLUE** proxy must be filed where indicated in the proxy circular by 6:00 p.m. (Pacific time) on Tuesday, June 18, 2013 so that we have time to deliver the proxy ahead of the voting deadline mandated by management. If you [have questions or need assistance](#) with your vote, contact Tom Germinario of **D.F. King & Co., Inc.** at 1-800-290-6431 (toll-free in North America) or 1-212-269-5550 (collect outside of North America), or by e-mail at formationmetals@dfking.com.

ABOUT DUNDEE CORPORATION

Dundee Corporation is a Canadian holding company listed on the TSX under the symbol "DC.A". Through its operating subsidiaries, including Goodman & Company, Investment Counsel Inc., Dundee is engaged in diverse business activities in the areas of its core competencies, including investment advisory, corporate finance and private equity investment in real estate and infrastructure, energy, resources and agriculture.

Dundee holds, directly and indirectly, a portfolio of investments mostly in these core areas, as well as other select investments in both publicly listed and private companies.

FOR FURTHER INFORMATION PLEASE CONTACT:

David Christie
Vice President
Goodman & Company, Investment Counsel Inc.
(647) 253-1144