



**DUNDEE**  
**CORPORATION**<sup>®</sup>

**ANNUAL INFORMATION FORM**

**MARCH 28, 2018**

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## EXPLANATORY NOTE AND FORWARD LOOKING INFORMATION

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Unless otherwise indicated, the information appearing in this annual information form (“AIF”) is stated as of December 31, 2017 and all amounts are in Canadian dollars.

Dundee’s public communications may include written or oral forward looking statements. Statements of this type are included in this AIF, 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 Company’s objectives and priorities for 2018 and beyond, and strategies or further actions with respect to the Company, 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 Company’s management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and those affecting the financial services, energy, resources, agriculture and real estate industries generally. The forward looking information contained in this AIF 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 AIF, including, among other factors, those referenced in the section entitled “Risk Factors” in this AIF, which include, but are not limited to, general economic and market conditions; the Company’s ability to execute strategic plans including the ability to complete acquisitions and dispositions effectively; the Company’s ability to meet financial obligations; the performance of the Company’s subsidiaries and investee companies; the Company’s ability and the ability of its subsidiaries and investee companies to raise additional capital; the availability of equity and debt financing and/or refinancing on acceptable terms; risks relating to trading activities and investments; competition faced by the Company, its subsidiaries and investee companies; regulation of the Company’s businesses; risks associated with the Company’s operating businesses and the Company’s investment holdings in general, including risks associated with mining and oil and gas exploration and risks of operating in foreign jurisdictions; 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 Company and its subsidiaries; maintenance of minimum regulatory capital requirements for certain of the Company’s subsidiaries; potential liability of the Company and its subsidiaries under securities laws and for violations of investor suitability requirements; and the ability of the Company 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 28, 2018 and should be read in conjunction with the “Risk Factors” section contained in this AIF.

Forward looking statements contained in this AIF are based upon assumptions about the future performance of world economies, which were material factors considered by management when setting Dundee’s strategic priorities and objectives. In determining expectations for economic growth in the

financial services, mining, energy, resource, agriculture, real estate and other sectors in which the Company invests, the Company considered market and general economic conditions, which factors are unpredictable and may impact the Company's performance.

Forward looking statements contained in this AIF are not guarantees of future performance and, while forward looking statements are based on certain assumptions that the Company considers reasonable, actual events and results could differ materially from those expressed or implied by forward looking statements made by the Company. Prospective investors are cautioned to consider these and other factors carefully when making decisions with respect to the Company and not place undue reliance on forward looking statements. Circumstances affecting the Company may change rapidly. Except as may be required by applicable law, the Company 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.

## THE COMPANY

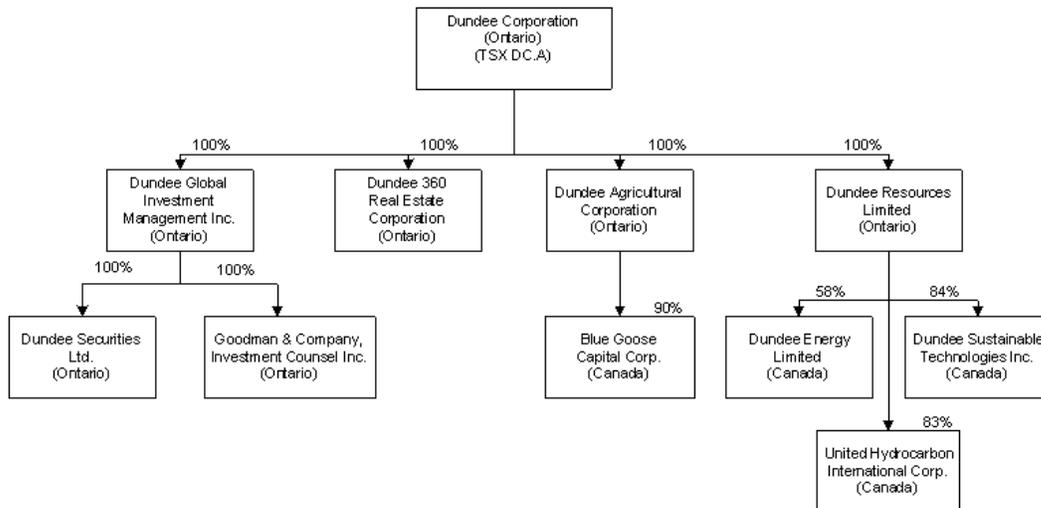
### GENERAL

Dundee Corporation (the “**Company**”, “**we**” or “**Dundee**”) is a public Canadian independent holding company listed on the Toronto Stock Exchange (“**TSX**”) under symbol DC.A. The Company was incorporated in Ontario. The Company’s core business is focused on the active management and oversight of its portfolio of merchant capital investments.

The registered and head office of the Company is located at: 1 Adelaide Street East, Suite 2100, Toronto, Ontario, M5C 2V9.

### CORPORATE STRUCTURE

The following simplified corporate chart sets out certain material subsidiaries of Dundee as of February 28, 2018. The voting interests of Dundee in such subsidiaries reflect both the direct and indirect voting interests of the Company as of February 28, 2018.



### INCORPORATION AND ORGANIZATION

The Company was incorporated under the laws of the Province of Ontario by Articles of Incorporation effective November 2, 1984. The Company changed its name to Dundee Bancorp Inc. by Articles of Amendment effective July 26, 1991 and changed its name to its present form by Articles of Amendment effective December 14, 2004. The Company’s current share capital structure was created by Articles of Amendment effective October 10, 1991, October 24, 1991, October 29, 1991, March 17, 1993 and June 22, 2006. The stated capital of the Company was reduced by Articles of Amendment effective August 4, 1992. The Company was inactive prior to October 31, 1991, at which time it became a public company pursuant to Articles of Arrangement effective October 30, 1991. The Articles of Amendment dated June 21, 2007 subdivided the Class A Subordinate Voting Shares (the “**Subordinate Voting Shares**”) and the Class B Common Shares (the “**Common Shares**”) of the Company on a 3-for-1 basis, effective as of the close of business on July 6, 2007. On September 14, 2009, Articles of Amendment were filed authorizing a fifth series and sixth series of First Preference Shares, designated as first preference shares, series 2 and first preference shares, series 3, respectively. On January 1, 2010, in connection with an internal reorganization, Dundee amalgamated with its subsidiaries, 1255895 Ontario Limited, 1175885 Ontario

Limited, DCC Equities Limited and Dundee Global Resource GP Inc. On January 1, 2011, in connection with an internal reorganization, Dundee amalgamated with its subsidiaries, 3031831 Ontario Limited and Dundee Capital Corporation. On May 30, 2013, in connection with the arrangement with Dundee Realty Corporation, the Company filed Restated Articles of Incorporation and effectively distributed the majority of its interest in Dundee Realty Corporation to its shareholders, through the creation of DREAM Unlimited Corp. On February 8, 2016, Articles of Amendment were filed authorizing an eighth series of first preference shares designated as first preference shares, series 5 and effective February 12, 2016 Articles of Arrangement were filed completing a share exchange transaction by way of a plan of arrangement pursuant to which each first preference share, Series 4 was exchanged for: (i) 0.7136 of a first preference share, Series 5 and (ii) 0.25 of a Class A subordinate voting share purchase warrant.

### THREE YEAR HISTORY

The following is a summary of key developments in the Company's business.

#### 2017 Highlights

- The Company's 85% owned subsidiary, United Hydrocarbon International Corp. ("UHIC"), completed a transaction whereby it sold its interest in United Hydrocarbon Chad Ltd. ("UHCL") to Delonex Energy Limited, a Sub-Saharan oil and gas company focused on exploration, development and production. UHCL is the holder of the production sharing contract pursuant to which UHIC had indirectly carried out its exploration activities in the Republic of Chad. See *"Business of the Company – Dundee Resources Limited – United Hydrocarbon International Corp."* for more information.
- Parq Vancouver, a Vancouver-based casino and leisure resort development project, opened its doors for business, with all gaming activities and seven of the eight restaurants and lounges operational on opening night. Both the Douglas and JW Marriott hotels began accepting reservations beginning October 23, 2017, and meeting and convention facilities became operational late in the fourth quarter of 2017. See *"Business of the Company – Real Estate Investments – Paragon Holdings (Smithe Street) ULC / Parq Equity Limited Partnership"* for more information.
- Goodman & Company, Investment Counsel Inc. grew its assets under management by \$20.4 million in 2017 to \$194.1 million at December 31, 2017, compared with \$173.8 million at December 31, 2016. Early in 2017, it successfully launched CMP 2017 Resource Limited Partnership, a tax-sheltered limited partnership that raised capital of \$31.3 million, and it further grew its private client assets by \$4.7 million. See *"Business of the Company – Real Estate Investments – Goodman & Company, Investment Counsel Inc."* for more information.
- The Company issued a Notice of Redemption in respect of the redemption of up to a maximum of 17% of the issued and outstanding Series 5 Preferred Shares, at a price of \$25.00 per Series 5 Preferred Share, plus any accrued and unpaid dividends, on January 31, 2018 pursuant to the share provisions of the Series 5 Preferred Shares. Subsequent to year end, on January 31, 2018, the Company redeemed 303,265 shares, being all such shares tendered for redemption, at a price of \$25.00 per share, or \$7.6 million in aggregate, plus accrued and unpaid dividends of \$49,000.
- In response to a demand payment from its lender, a subsidiary of Dundee Energy Limited commenced insolvency proceedings by filing a Notice of Intention to Make a Proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) in order for it to run a court-

supervised sale solicitation process. See *“Business of the Company – Dundee Resources Limited – Dundee Energy Ltd.”* for more information.

- Dundee Acquisition’s shareholders approved a proposed qualifying acquisition to effect a business combination with CHC Student Housing Corp., a publicly listed student housing company in Canada, and to acquire a series of additional student housing properties from various third parties. While the proposed Qualifying Acquisition was approved by Dundee Acquisition’s shareholders, Dundee Acquisition did not meet the minimum cash amount to be retained following completion of the proposed Qualifying Acquisition, as a result of higher than expected redemption deposits. See *“Business of the Company – Other Strategic Investments – Dundee Acquisition Ltd.”* for more information.
- A large fire significantly damaged the facility leased by Tender Choice Foods, a subsidiary of the Company’s majority owned Blue Goose Capital Corp. Following the fire, HSBC Bank Canada, as administrative agent pursuant to the Tender Choice Foods credit facility dated October 17, 2016, as amended filed an application for the appointment of Deloitte Restructuring Inc. as interim receiver of Tender Choice pursuant to Section 47(1) of the *Bankruptcy and Insolvency Act* (Canada). The Ontario Superior Court of Justice (Commercial List) made an Order appointing Deloitte Restructuring Inc. as receiver of the assets, undertakings and properties of Tender Choice Foods pursuant to section 243(1) of the *Bankruptcy and Insolvency Act* and section 101(1) of the *Courts of Justice Act*. See *“Business of the Company – Dundee Agricultural Corporation – Blue Goose Capital Corp.”* for more information.

## 2016 Highlights

- With the approval of the holders of the Preference Shares, series 4, the Company’s Preference Shares, series 4 were exchanged for: (i) 0.7136 of a new series of first preference shares of the Company, designated as First Preference Shares, series 5 (“Preference Shares, series 5”); and (ii) 0.25 of a warrant, each whole warrant entitling the holder thereof to purchase one Subordinate Share of the Company at \$6.00 per Subordinate Share at any time prior to or on June 30, 2019 (“Subordinate Share Warrants”). The plan of arrangement was completed on February 12, 2016, subsequent to which the Company issued 4,057,172 Preference Shares, series 5 with a face value of \$25.00 per share and 1,421,374 Subordinate Share Warrants. The Preference Shares, series 5 have a redemption date of June 30, 2019, subject to certain amounts that may be redeemed earlier in accordance with the terms of the Preference Shares, series 5. See *“Description of Share Capital – First Preference Shares”* for more information.
- Dundee Securities completed the sale of substantially all of the assets of Dundee Goodman Private Wealth to Echelon Wealth Partners Inc. (“Echelon”). The transaction with Echelon resulted in the transfer of approximately \$3.5 billion of investible client assets. In addition, and in order to assist Echelon with the integration of the business acquired, Dundee Goodman Private Wealth also transferred a significant part of its underlying operating infrastructure and staff resources associated with this division. See *“Business of the Company – Dundee Securities Ltd.”* for more information.
- United Hydrocarbon International Corp. (“UHIC”) completed a restructuring transaction with the Company which resulted in UHIC emerging with an essentially debt-free balance sheet and sufficient working capital to pursue its immediate objective of attracting a joint venture partner or investors to fund the further development of its resources. As part of the restructuring, the Company converted approximately \$322.8 million aggregate principal amount of debt into common shares of UHIC, and it forgave all associated and accrued interest on such debt.

- Dundee Securities Ltd. completed a transaction that resulted in the sale of the assets and liabilities related to its capital markets division to Eight Capital, a partnership formed by a consortium of individuals that were previously key employees of Dundee Securities' capital markets division. See *"Business of the Company – Dundee Securities Ltd."* for more information.
- Subsequent to year end, CMP 2016 Resource Limited Partnership, a flow-through limited partnership managed by Goodman & Company, Investment Counsel Inc. ("GCIC") raised aggregate gross proceeds of approximately \$20.7 million.

## 2015 Highlights

- The Company advanced on its strategy to establish of a wealth management business focused on the high-net-worth and ultra-high-net-worth markets.
- The Company moved to rationalize its merchant capital portfolio, focusing on those investments that the Company considers core to its expertise and aligned to its objectives of sustainable growth and value for shareholders. It also continued the divestment of those assets that it no longer considers core to its business.
- The Company raised almost \$400 million during 2015 and preceding months from the sale of non-core portfolio assets, reduced debt levels, and continued to fund the operations of those operating subsidiaries and investee companies that are considered core to its growth.
- The Company launched two alternative investment products: Dundee Acquisition Ltd., the first Canadian special purpose acquisition corporation launched in Canada, which raised over \$112.3 million in its initial public offering in 2015, and Dundee Sarea Acquisition I Limited Partnership, a private equity fund with committed capital of \$112.5 million designed to invest in companies requiring turn-around expertise in North America and Europe.
- CMP 2015 Resource Limited Partnership, the Company's flow through investment platform raised aggregate gross proceeds of \$20.27 million in 2015.
- The Company participated in a plan of arrangement that saw the acquisition by Oban Mining Corporation of three of the Company's investments; namely, Eagle Hill Exploration Corporation, Corona Gold Corporation and Ryan Gold Corp. The plan of arrangement improved the liquidity of the Company's investment and increased the underlying trading value of the securities.

## BUSINESS STRATEGY

Dundee Corporation is a holding company that owns and manages a portfolio of publicly listed and privately held businesses. The Company's core business is focused on the active management and oversight of its portfolio of merchant capital investments. The Company has significant amounts of its own capital invested in these assets, alongside our clients and partners, helping ensure that our interests are appropriately aligned.

Dundee's top strategic priority is to allocate and invest capital in a manner that consistently generates long-term value creation for our stakeholders and shareholders.

The Company's merchant capital activities include the management of assets, both domestic and international, consisting of:

- Physical assets, primarily resource, real estate and agriculture assets that are owned or co-owned within our core operating entities and managed on behalf of the Company and its co-investors; and

- Securities, which include significant positions in companies engaged in financial services, resources and real estate activities and represent investments in physical assets such as those described above. Such securities are held on behalf of the Company and its clients and are managed by dedicated teams of investment professionals within the Dundee group of companies.

Dundee has traditionally been the sole source of capital for its investee companies. Beginning in 2016 and going forward, the Company has placed more emphasis on investing its capital alongside its partners. In so doing, the Company has helped to mitigate its risk by no longer being the sole source of capital for its businesses, while partnering with third-parties who in addition to providing capital, can also lend industry expertise and support for management teams at investee companies.

In 2017, the Company continued to be focused on the rationalization of its merchant capital portfolio. As part of this process the Company has focused on those investments which require more management oversight but which it also considers to be core to its expertise and aligned with its ability to generate sustainable growth and value for shareholders. This involves the ongoing disposition of various non-core assets and the exiting of certain businesses, which has allowed for the redeployment of capital into other holdings and the re-allocation of management time.

The Company continues to take steps at the corporate level with the intention of transitioning and repositioning its cost profile. These steps are consistent with the broader strategic goal of transforming the operating company structure to adopt a leaner organizational framework that is more reflective of a holding company structure. In 2017, the Company made additional reductions in its head count, resulting in decreased overhead expenses which are translating into lower G&A costs moving forward.

Up until 2017 a key component of the Company's vision and business plan was the continued expansion of its wealth management division. At the core of this strategy was the build out of a wealth management business with a client-centric investment counsel/portfolio manager platform. As part of this strategy, the Company had sought and explored potential cornerstone acquisitions to accelerate the growth of this division. While many opportunities were considered, the Company ultimately decided it was best to remain disciplined and prudent, rather than overpay for potential acquisitions.

Furthermore, due to the competitive nature of the wealth management business and other priorities within the corporation, the Company has decided to scale back its efforts to grow this business at this time. Certain wealth management operations will continue in the normal course, but expansionary plans will not be a current focus.

#### *Renewed Resources Focus in 2018*

Traditionally, Dundee has been actively engaged in the resources sector, with a special focus in the international mining industry. Over many years, the Company has built a track record of success through the creation, advancement, development and active management of numerous successful mining companies. Going forward, the Company intends to leverage this track record and expand its capabilities to heighten its level of engagement in funding, financing and supporting companies in the mining industry.

We continue to believe that in order to successfully implement our strategic vision, there needs to be a strong alignment of interests between shareholders, the clients we serve and our management team. The Company values entrepreneurship and is committed to rewarding performance, innovation and growth. Central to this is a willingness to provide key employees with an opportunity through ownership or quasi-ownership structures, to share in the growth and profitability generated through their direct efforts.

## BUSINESS OF THE COMPANY

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### **GOODMAN & COMPANY, INVESTMENT COUNSEL INC.**

Goodman & Company, Investment Counsel Inc. (“**GCIC**”) is a registered portfolio manager and exempt market dealer across Canada, and an investment fund manager in the provinces of Ontario, Quebec and Newfoundland. GCIC is a wholly-owned subsidiary of Dundee Global Investment Management Inc. (“**DGIM**”) which, in turn, is a wholly-owned subsidiary of Dundee Corporation.

As at December 31, 2017, GCIC had \$194.1 million of assets under management. Additional information regarding GCIC may be accessed at [www.goodmanandcompany.com](http://www.goodmanandcompany.com).

### **DUNDEE SECURITIES LTD.**

Dundee Securities Ltd. (“**DSL**”), a wholly-owned subsidiary of the Company, is registered as an investment dealer in each of the jurisdictions of Canada and as a derivatives dealer in Quebec and as such, it is subject to the oversight of the provincial securities commissions and the Investment Industry Regulatory Organization of Canada (“**IIROC**”).

In April 2016, DSL completed the sale of substantially all of the assets of Dundee Goodman Private Wealth to Echelon Wealth Partners Inc. (“**Echelon**”). The transaction with Echelon resulted in the transfer of approximately \$3.5 billion of investible client assets. In addition, and in order to accommodate the integration process with Echelon, Dundee Goodman Private Wealth transferred a significant part of its underlying operating infrastructure and staff resources associated with this division. DSL continues to operate a business for a limited number of retail clients with a retail advisor team, and continues to invest in a proprietary trading inventory. In connection with the completion of the Echelon transaction, and in order to facilitate the transition of client accounts, DSL has agreed to provide Echelon with certain back-office activities on a cost-recovery basis. The provision of these services concluded during the third quarter of 2017.

In December 2016, DSL completed a transaction that resulted in the sale of the assets and liabilities related to its capital markets division to Eight Capital, a partnership formed by a consortium of individuals that were previously key employees of DSL’s capital markets division. The Company provided \$17.5 million of capital, in the form of a subordinated loan, to match the level of capital provided by key employees as equity holders. The subordinated loan bears an annual interest rate of 10%. In January 2017, \$2.5 million of the subordinated loan was repaid.

In connection with the sale of the capital markets division, during the second quarter of 2017, DSL received the necessary regulatory approvals for the further sale of its wholly-owned subsidiary, Dundee Securities Inc., to Eight Capital. Dundee Securities Inc. is a registered broker-dealer with the United States Securities and Exchange Commission in select states and is also a member of the Financial Industry Regulatory Authority. The sale transaction was completed on May 26, 2017. Dundee Securities received cash of approximately \$1.3 million on the transaction.

### *Recent Developments*

Notwithstanding the divestitures described above, DSL continues to be a member of IIROC and as such, it is subject to minimum regulatory capital requirements to operate its residual business which currently includes a small residual retail business consisting of two key advisors and their incidental staff, a portfolio of marketable securities, and its business conducted through Dundee Securities Europe Limited.

DSL's existing platform provides an opportunity for the creation of an industry focused, capital markets group that will provide advisory and investment banking opportunities to its clients, primarily in the resource-based sectors. DSL intends to pursue this opportunity in 2018 and, if successful, this platform will provide aligned strategies and opportunities with Dundee as it redirects its business strategy.

Subsequent to year-end, DSL commenced discussions pursuant to which it anticipates that it will facilitate the sale of 80% of the business of Dundee Securities Europe Limited to its key management. The transaction is expected to close late in the first quarter of 2018.

Additional information regarding the operations of Dundee Securities and its business divisions may be accessed at either [www.dundeecapitalmarkets.com](http://www.dundeecapitalmarkets.com) or [www.dundeesecurities.com](http://www.dundeesecurities.com).

## **DUNDEE RESOURCES LIMITED**

Dundee Resources Limited ("**Dundee Resources**") is a wholly-owned subsidiary of the Company that provides technical support to Dundee and certain of its subsidiaries in evaluating potential investments in companies engaged in the mining and energy sectors and preparing due diligence and research reports in connection with such investments. Information concerning certain strategic and other investments in the resource sector are described below.

### **United Hydrocarbon International Corp.**

UHIC is a privately held Canadian junior exploration company that is focused on seeking opportunities internationally, both directly and indirectly, for the exploration, development and production of oil and natural gas. At December 31, 2017, the Company held an 83% interest in UHIC. Additional information regarding UHIC may be accessed at [www.unitedhydrocarbon.com](http://www.unitedhydrocarbon.com).

Through its wholly-owned subsidiary, United Hydrocarbon Chad Ltd. ("**UHCL**"), UHIC has historically been engaged in exploring for oil and natural gas in the Republic of Chad under the terms of a May 2012 production sharing contract ("**PSC**"). The PSC provides UHCL with the exclusive right to explore and develop oil and gas reserves in four distinct blocks: the DOC Block and the DOD Block (together the "**Doba Basin**"); Block H; and the Largeau Block.

The Doba Basin Blocks are located in southern Chad, and include both the DOC Block and the DOD Block. The prior operator of these blocks made two discoveries, being Belanga and the M'Biku, both of which now form part of the PSC. Remaining discoveries were made by UHIC during its 2014 drilling program in the Doba Basin which included the drilling of 14 wells. These drilling activities resulted in six successful oil appraisal wells at Belanga and two new oil discoveries at Lara 1 and Lara East 1, both within 10 kilometres of Belanga. All of these discoveries are situated in close proximity to the Mondouli oil field currently being produced and operated by Exxon.

Block H is located in west-central Chad on the border with Niger, directly adjacent to the Agadem block currently held by China National Petroleum Corp. and Savannah Petroleum PLC. There are two known oil discoveries within Block H, being Kumia and Kanem. UHCL also holds an extensive seismic database that has been used by previous operators to identify more than 200 exploration leads on this block. Delonex has indicated that future exploration activities will include additional scientific work related to lead and prospect identification and modern 3D seismic acquisition and interpretation.

Under the terms of the PSC, UHCL was awarded an exploration license with an initial term of five years expiring in June 2017, with a renewal right for a period of an additional three years. The three-year renewal right was exercised in the second quarter of 2017, and was recognized by the Government of Chad effective June 6, 2017. The renewal period, which will expire on June 6, 2020, required the

relinquishment of 50% of the contract area, which was substantially all of the Largeau Block. Should there be a commercial discovery or discoveries, UHCL may apply for exploitation license(s) under the terms of the PSC. An exploitation license would have an initial term of 25 years, and may be renewed for an additional 10 years.

#### *Sale of UHCL and Royalty Agreement*

UHIC has been committed to finding ways to add value for its shareholders in a challenging environment for junior oil and gas companies. In that regard, during 2016, UHIC engaged GMP FirstEnergy LLP to seek financial or industry partners. In late January 2017, and with the approval of the special committee of its board of directors, UHIC entered into an exclusivity period with Delonex Energy Limited (“Delonex”), which culminated in an agreement dated May 10, 2017, pursuant to which Delonex acquired all of the outstanding shares of UHCL and UHCL’s underlying rights under the PSC, subject to certain royalty interests that were retained by UHIC. The transaction closed on September 22, 2017. Delonex is led by a management team with a proven track record in discovering, developing and operating onshore basins, and building and operating pipeline infrastructure. Currently active in Ethiopia, Kenya and Mozambique, the transaction is part of Delonex’s strategy for expanding its portfolio in central and west Africa. Delonex is backed by a group of global investors with extensive oil and gas experience, led by global private equity firm Warburg Pincus and the International Finance Corporation (a part of the World Bank group).

Subject to certain amounts that were retained or otherwise held in escrow, UHIC received cash of US\$35.0 million on closing of the transaction, adjusted for working capital shortfalls of US\$2.2 million. UHIC is also entitled to receive additional contingent consideration upon Delonex achieving commercial production, including a US\$20 million bonus for first oil at Doba Basin, and a further US\$30 million for first oil at Block H. As part of the transaction, Delonex committed to a US\$65 million comprehensive exploration program for the assets in Chad to be completed within a two-year period from closing of the transaction, and it committed to a further US\$35 million investment in the Doba Basin should commerciality be achieved within three years from the closing of the transaction.

UHIC has retained a significant economic interest in the PSC through a 10% royalty on all of UHCL’s cash flows generated from Doba production, and a 5% royalty on all of UHCL’s cash flows from Block H production, payable as long as the average price of Brent crude oil is greater than US\$45.00/bbl in any calendar quarter. UHCL’s cash flows from commercial production are governed by the terms of the PSC and include (i) “Cost Oil” for the recoverability of all exploration, development and production expenditures, including exploration expenditures incurred by UHCL prior to closing of the transaction with Delonex (the “Recoverable Cost Amount”); and (ii) allocations of “Profit Oil”.

#### **Dundee Precious Metals Inc.**

Dundee Precious Metals Inc. (“**Dundee Precious**”) (TSX:DPM) is a Canadian based, international gold mining company engaged in the acquisition of mineral properties, exploration, development, mining and processing of precious metals. Dundee Precious’ operating assets include the Chelopech operation, which produces a copper concentrate containing gold and silver and a pyrite concentrate containing gold, located east of Sofia, Bulgaria; and the Tsumeb smelter, a complex copper concentrate processing facility located in Namibia. Dundee Precious also holds interests in a number of developing gold and exploration properties located in Bulgaria, including the Krumovgrad gold project, which started construction in the fourth quarter of 2016 and is expected to commence production in the fourth quarter of 2018, Canada, Serbia and Armenia, and its 10% interest in Sabina Gold & Silver Corp.

Construction of the Krumovgrad gold project in Bulgaria was approximately 51% complete at December

31, 2017, and the project remains on track for first concentrate production in the fourth quarter of 2018.

Dundee holds an approximate 20.38% interest in Dundee Precious. Common shares of Dundee Precious are traded on the TSX under the symbol “DPM”. Additional information regarding Dundee Precious may be accessed at [www.dundeeprecious.com](http://www.dundeeprecious.com).

### **Dundee Sustainable Technologies Inc.**

Dundee Sustainable Technologies Inc. (“**Dundee Technologies**”) is engaged in the development and commercialization of environmentally-friendly technologies for the treatment of complex materials in the mining industry. Through the development of patented, proprietary processes, Dundee Technologies extracts precious and base metals from ores, concentrates and tailings, while stabilizing contaminants such as arsenic, which could not otherwise be extracted or stabilized with conventional processes because of metallurgical issues, cost or environmental considerations.

The growing pressure from communities and governmental authorities over the use of cyanide is forcing developing gold projects to seek alternative processes that can extract gold without the environmental liabilities associated with cyanide, while still maintaining control over the deleterious elements such as arsenic, mercury and antimony. Dundee Technologies is offering a competitive alternative to the cyanidation process.

Dundee Technologies has identified over 100 gold projects that face significant concerns due to cyanide use and other environmental or metallurgical constraints. Dundee Technologies is focused on advancing discussions with major mining producing companies on building alternative processing and stabilization processes. Dundee Technologies is currently processing test material for a number of customers and, assuming successful results, it plans to negotiate business terms with those customers for the commercialization of its technologies.

Dundee Technologies has protected its intellectual property by filing patents during the development of its technologies. To date, Dundee Technologies has patents granted or published on 13 different processes, and it has 57 patents granted, published, pending or filed in 16 different countries. These patents expire between 2022 and 2034.

At December 31, 2017, the Company held 178.1 million subordinate voting shares and 50.0 million multiple voting shares of Dundee Technologies, representing a 63% equity interest and an 84% voting interest. Additional information regarding Dundee Technologies may be accessed at [www.dundeetechnologies.com](http://www.dundeetechnologies.com).

### **Dundee Energy Limited**

At December 31, 2017, and subject to certain lending arrangements as further described below, Dundee Energy Limited (“**Dundee Energy**”) held interests, both directly and indirectly, in a large accumulation of producing oil and natural gas assets in southern Ontario. On September 11, 2017, following a delisting review conducted by the TSX, the common shares of Dundee Energy were delisted from the TSX. Prior to September 11, 2017, Dundee Energy’s common shares traded on the TSX under the symbol “DEN”.

At December 31, 2017, the Company held a 58% interest in Dundee Energy. Additional information regarding Dundee Energy may be accessed at [www.dundee-energy.com](http://www.dundee-energy.com).

#### *Recent Developments Concerning Demand Revolving Credit Facility*

Dundee Energy’s principal operating assets, owned through its principal subsidiary Dundee Energy Limited Partnership (“**DEL**P”), are located in and around Lake Erie in southern Ontario, Canada. DELP

holds an approximate 93% working interest in 35,000 gross acres of onshore oil and gas properties and an approximate 98% working interest in 268,000 gross acres of offshore gas properties, all located in and around Lake Erie in southern Ontario, Canada.

DELP had established a demand credit facility whereby the lender to DELP retained the full right, at its sole discretion, to demand repayment of amounts borrowed, whether in whole or in part, at any time. The credit facility was subject to certain covenants, including maintenance of minimum levels of working capital. DELP continues to generate positive cash flows and, at December 31, 2017, DELP was in compliance with all required covenants. However, low commodity prices have, in the view of DELP's lender, eroded the value of DELP's assets in southern Ontario, and therefore eroded the lender's underlying secured interest in such assets. In late 2016 and early 2017, the lender requested that DELP reduce its borrowing under the credit facility by early 2017. DELP was not able to meet those requirements. As a consequence, on January 31, 2017, DELP and Dundee Energy entered into a forbearance agreement with the lender pursuant to which, and provided that certain conditions were met, DELP's lender had agreed to forbear from exercising its enforcement rights and remedies under the terms of the credit facility until the earlier of May 15, 2017; the occurrence of an event of default under the terms of the credit facility; or the occurrence of a default or breach of representation under the forbearance agreement. The forbearance agreement provided a definitive timeline within which DELP and Dundee Energy were required to complete a strategic review process for DELP, the purpose of which was to identify, examine and consider a range of strategic alternatives available to DELP. Under the terms of the forbearance agreement, DELP committed to enter into a binding agreement under a strategic arrangement, which binding agreement was to be satisfactory to its lender, by April 7, 2017.

The lender did not provide its consent to any of the proposals made by DELP and Dundee Energy and the forbearance agreement expired, without resolution.

On July 21, 2017, DELP and Dundee Energy received notice from DELP's lender, demanding repayment of amounts borrowed pursuant to the credit facility by July 31, 2017, which DELP and Dundee Energy were not able to meet. On August 16, 2017, DELP commenced insolvency proceedings by filing a Notice of Intention to Make a Proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) in order for DELP, with the support of its lender, to run a court-supervised sale solicitation process ("**SSP**"), with the goal of identifying proposals to purchase some or all of the business, properties or assets of DELP. DELP obtained an order from the Ontario Superior Court of Justice approving the terms of the SSP. Subsequent to December 31, 2017, and pursuant to the recommendation of the proposal trustee, the SSP was continued under the terms of the *Companies' Creditors Arrangement Act* in order to extend the timeline within which the SSP is to be completed.

Dundee Energy has assigned a limited recourse guarantee of its units in DELP as security pursuant to the credit facility. The lending arrangements provided to DELP are otherwise non-recourse to the Company.

Dundee Energy's current cash resources and access to capital are insufficient to meet its current obligations. Dundee Energy is considering its future business strategies and assessing the possibility of alternative financing options, including possible debt or equity issuances or the monetization of certain assets. There can be no assurance that Dundee Energy will have access to alternative financial arrangements.

### **Osisko Mining Inc.**

Osisko Mining Inc. ("**Osisko**") is a mineral exploration company focused on the acquisition, exploration and development of precious metals resource properties in Canada. Osisko's flagship projects are the high-grade Windfall Lake gold deposit located between Val-d'Or and Chibougamau in Québec (the "Windfall Lake Project") and the Marban Block property located between Val-d'Or and Malartic in

Québec (the “Marban Block Project”). Osisko holds a 100% interest in the Windfall Lake gold deposit, and it holds a 100% undivided interest in a large area of claims in the surrounding Urban Barry area (330,000 hectares), a 100% interest in the Marban project located 15 kilometres west of the town of Val-d’Or in the Abitibi region of Québec, a 100% interest in the Garrison project east of Matheson, Ontario, as well as additional projects in the Timmins area of Ontario and the James Bay Labrador area of Québec.

At December 31, 2017, the Company owned 6,194,311 shares in Osisko. Additional information regarding Osisko is available at [www.osiskominer.com](http://www.osiskominer.com).

#### **eCobalt Solutions Inc.**

eCobalt Solutions Inc. (“**eCobalt**”) is a mineral exploration and mine development company listed on the TSX under the symbol ECS. The company is engaged in the business of exploring mineral properties in Canada, the United States and Mexico. Shares of eCobalt trade on the TSX under the symbol “ECS”.

The eCobalt’s primary project, located in Idaho, is the 100% owned Idaho Cobalt Project (“ICP”). All related critical environmental permits are in place, with an approved mine plan of operations. The ICP is comprised of the primary high grade cobalt deposit, and the partially completed mine site and mill located in Lemhi County, outside of the town of Salmon, Idaho, and a cobalt production facility (“CPF”) to be constructed in southern Idaho.

At December 31, 2017, the Company owned 16,352,900 shares of eCobalt representing an approximate 12.3% interest. Additional information regarding eCobalt is available at [www.ecobalt.com](http://www.ecobalt.com).

#### **DUNDEE AGRICULTURAL CORPORATION**

Dundee Agricultural Corporation (“**Dundee Agriculture**”), a wholly-owned subsidiary of the Company is the Company’s investment vehicle for agriculture and aquaculture investments. Dundee Agriculture holds investments in Blue Goose Capital Corp. (“**Blue Goose**”) and AgriMarine Holdings Inc.

#### **Blue Goose Capital Corp.**

Blue Goose is a privately-held Canadian company focused on the production, distribution and sale of organic, antibiotic and animal by-product free and traditional protein products including beef, chicken and fish. Dundee continues to view its investment strategy in the agriculture sector as protection against inflation, with the added opportunity to benefit from a dynamic and rapidly growing organic and natural food sector.

At December 31, 2017, Dundee Corporation held 90% of the issued and outstanding common shares of Blue Goose. Additional information about Blue Goose may be accessed in the Company’s 2017 MD&A and at [www.bluegoosepurefoods.com](http://www.bluegoosepurefoods.com).

#### *Recent Developments*

In October 2016, Blue Goose Pure Foods Ltd. (“**BGPF**”), a wholly-owned subsidiary of Blue Goose, acquired substantially all of the operating assets of Tender Choice Foods Inc. (“**Tender Choice**”), a facility specializing in the production, processing and distribution of various meat products. Blue Goose believed that the acquisition would be accretive to its existing poultry business, and that it would provide substantial operational cost savings. Further, the acquisition of Tender Choice was expected to provide Blue Goose with additional processing capacity to expand its other product offerings. Through its subsidiary, Blue Goose paid cash of \$59.0 million at closing, and it agreed to pay an additional \$35.0 million if the operations of Tender Choice exceeded certain thresholds. In order to fund the cash component of the purchase price, BGPF established a credit facility with a Canadian Schedule II

Chartered Bank, drawing approximately \$35.0 million against the credit facility at closing.

On November 8, 2017, BGPF received notice from the Canadian Food Inspection Agency (“CFIA”), enforcing compliance with delinquent corrective actions relating to repairs and maintenance of the facility and certain equipment associated with the Tender Choice business. The CFIA did not identify any concerns or deficiencies directly impacting food safety. On November 10, 2017, the facility was temporarily closed in order to effect the required repairs and maintenance. This disruption impeded the ability of BGPF to deliver product to its core customers. BGPF immediately experienced reduced sales and net earnings. Furthermore, the timing of the closure coincided with the period during which Tender Choice would have typically renewed its contracts with its core customers, many of whom had already sourced alternative supply and opted out of renewal options being offered by BGPF.

On December 6, 2017, and before the required repairs and maintenance had been completed, a catastrophic fire occurred at the facilities of BGPF that rendered the facilities inoperative. All individuals on site at the time of the fire managed to exit the facilities unharmed. However, on December 7, 2017, the lender made demand on BGPF for the payment of all amounts borrowed, including accrued interest thereon. BGPF was not able to meet the requirements of the demand. The lender did not have recourse to any of the other businesses of Blue Goose, nor did it have recourse to Dundee and accordingly, on December 14, 2017, the lender appointed an interim receiver with broad powers over the assets of Tender Choice. Full receivership was established by the lender on December 21, 2017.

During 2017, the beef division was impacted by the largest single wildfire in the history of British Columbia. There were minor losses of livestock and some smaller outbuildings, however, the key buildings and operational equipment were not materially impacted. The extent of the fire’s impact cannot be fully ascertained until the spring, when the snow melts and the underlying land can be assessed for damage. Blue Goose expects that access to grazing lands will be restricted because of environmental concerns, and management is therefore assessing options to mitigate the expected increase in costs to feed its herd. Of importance, there was no loss of life or significant personal injury to any staff member of the beef division during the wildfires.

Blue Goose has applied for several government-sponsored relief programs in an effort to recover some of the costs of dealing with the fire damage, including additional pregnancy testing and veterinarian assessments, lost hay inventory and fencing. Responses to the applications are expected in the second quarter of 2018. There can be no assurance that Blue Goose will receive any compensation pursuant to these relief programs.

#### **AgriMarine Holdings Inc.**

AgriMarine Holdings Inc. (“**AgriMarine**”) is a private company engaged in fish farming activities using both conventional netting systems and other proprietary aquaculture technologies. AgriMarine has three principal assets: a Steelhead salmon fish farm known as West Coast Fishculture (“**WCF**”), located in Powell River, British Columbia; a suite of patents pertaining to a closed-containment tank technology used to rear finfish; and an engineering company known as “AgriMarine Technologies” (“**ATI**”) that supports internal needs and provides engineering services to third-party fish farm operators.

AgriMarine’s principal focus remains the achievement of sustainable profitability for its WCF farming operation. In this context, improving reliability and reducing the cost of oxygen supply to the farm’s closed-containment tanks, increasing fish growth rates by several means, reducing energy costs, and outsourcing certain processing costs are management’s current priorities. Future increases in scale will also bring benefits from economies that would be achieved by spreading infrastructure and operating costs over a larger volume of fish.

In the interim, ATI is a cost centre as it continues to support WCF operations technically, and to prove the scientific and commercial viability of the closed-containment tank technology. This activity is of strategic importance for future expansion and international technology licensing and/or sales initiatives. ATI currently relies on WCF cash flows to fund its operations, as do head office operations.

The Company holds a 100% interest in AgriMarine. Additional information regarding AgriMarine may be accessed at [www.agrimarine.com](http://www.agrimarine.com).

## **REAL ESTATE INVESTMENTS**

The Company holds a portfolio of investments focused on the development and management of Canadian and international real estate assets. Information with respect to certain real estate investments by the Company is described below.

### **Dundee 360 Real Estate Corporation**

Dundee 360 Real Estate Corporation ("**Dundee 360**") is a real estate company offering integrated management services in the development, marketing, sales and project administration of high-end single purpose and mixed-use, residential, hotel and recreational real estate assets. In addition to these real estate activities, Dundee 360 also holds the Canadian franchise license to operate Sotheby's International Realty Canada ("**Sotheby's**"). Combining a prestigious and internationally recognized real estate brand with local market knowledge and specialized marketing expertise, Sotheby's is the leading real estate sales and marketing company for some of Canada's most exceptional properties.

Additional information regarding Dundee 360 may be accessed at [www.dundee360.com](http://www.dundee360.com).

Dundee 360's real estate management activities were concentrated on the following projects in 2017:

#### *Four Seasons Private Residences, Montreal*

In February 2017, Dundee 360 was awarded a management agreement to provide services for the development of 18 luxury private residences housed on top of a full-service Four Seasons Hotel. The project is envisioned to be one of the most prestigious mixed-use complexes to emerge in Montreal and is expected to be completed by the end of 2018. In addition to the development agreement, in collaboration with Sotheby's, Dundee 360 was also awarded a sales and marketing agreement to act as the exclusive professional marketing advisor and broker for the 18 luxury private residences.

#### *Hotel Project Management and Procurement*

Dundee 360 provides project management and procurement services to two Fairmont hotels to oversee refurbishments and infrastructure capital projects for which it earns fees based on a percentage of capital invested. Both these projects were successfully completed on January 4, 2018.

#### *Finance and Reporting Consulting Services*

Dundee 360 provides finance and reporting consulting services for legal entities and their related assets in the real estate industry. During 2017, Dundee 360 successfully renewed a reporting contract with its client, a subsidiary of the Caisse de Dépôt, to continue to render its reporting services until March 2019.

#### *Edenarc 1800*

Edenarc 1800 is a ski-in and ski-out resort project development in the French Alps. Sotarbat

360, a French-entity domiciled in Savoie, France, is the builder of the project. Dundee 360 provides development services for which it earns a fee calculated as a percentage of project costs. The remaining build-out cost of approximately \$33 million is being financed directly by the project and the builder. In addition to providing these services, Dundee 360 holds a 45% equity interest in Sotarbat 360, subject to a priority interest by the builder to a full recovery of all costs of development of the project. Although the project is no longer part of its intended strategy, Dundee 360 remains committed to continue its participation in this project until it reaches its conclusion.

During 2017, the project's fifth phase, Les Monarques Phase 2, a 40-unit residential apartment development, was completed and delivered on schedule. The project's sixth phase, Les Monarques Phase 3, a 57-unit residential apartment development, recommenced construction in the last quarter of 2017 due to weather conditions and ongoing negotiations with its partner and suppliers, which has delayed the delivery date by one year to June 2019. The project is envisioned to have three more phases with ultimate completion of the entire resort expected by the end of 2020.

#### *Clearpoint Resort*

Dundee 360 has an approximate 86% interest in Clearpoint Resort Limited (Malta), a Maltese corporation ("CRLM"), through which Dundee 360 had anticipated developing the Clearpoint Resort project in Cavtat, Croatia. A hotel, marina and recreational accommodation project with a full build-out cost of \$185 million, it required land accumulation of 25.6 acres, of which approximately 5.9 acres is currently owned. Dundee 360 is currently seeking a purchaser for the assets held.

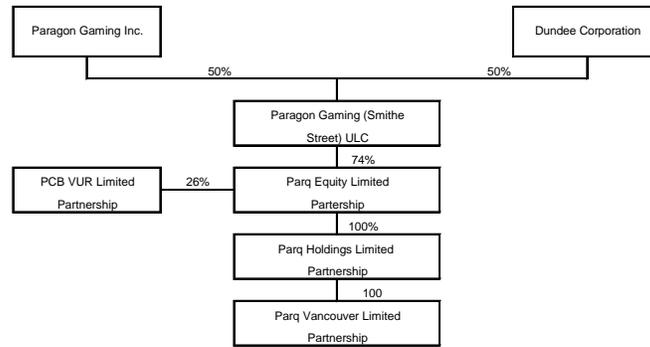
#### *Developments in Cuba*

Dundee 360 had participated in a joint venture development agreement with an agency of the Government of Cuba to develop certain hotel properties in Cuba. As part of its 2016 restructuring initiatives, Dundee 360 entered into a transaction for the disposition of its Cuban real estate assets to a former key employee of Dundee 360 for aggregate cash consideration of \$2.0 million. The transaction is subject to approval of the local authorities for the transfer of ownership, which is expected to close during 2018. Under the terms of the transaction, the purchaser remains responsible for ongoing operating costs associated with the project.

### **Paragon Holdings (Smithe Street) ULC / Parq Equity Limited Partnership**

Paragon Holdings (Smithe Street) ULC ("**Paragon Holdings**") is a joint venture established between the Company and Paragon Gaming Inc., a Las Vegas-based casino resort developer and operator. Paragon Holdings holds an indirect 73.46% interest in Parq Holdings Limited Partnership (of which the Company's share is 36.73%), a partnership established for the purpose of developing a Vancouver-based destination resort ("**Parq Vancouver**"). Parq Vancouver opened its doors on September 29, 2017. Parq Vancouver houses the relocated Edgewater Casino, with 600 slot machines and 75 gaming tables. Located immediately adjacent to the B.C. Place Stadium in downtown Vancouver, Parq Vancouver also includes two Marriott-branded luxury hotels with 517 rooms, a 60,000 square foot conference centre, a spa, five restaurants, three lounges, and a parking facility with 1,069 spaces.

The remaining 26.54% indirect interest in Parq Vancouver is owned by PBC VUR Limited Partnership ("**PBC**"), a partnership managed by PBC Real Estate Advisors Inc., an asset management company engaged in pursuing, developing, acquiring, funding and managing various real estate assets including land, real property and mortgages on behalf of its institutional client base.



In late 2014, Parq Vancouver arranged a US\$415 million project financing for the development of the Parq project, including a US\$265 million first lien loan bearing interest at the London Interbank Offered Rate plus 7.5% and maturing on December 17, 2020, and a US\$150 million second lien term loan bearing interest at the London Interbank Offered Rate plus 12% and maturing on December 17, 2021. In connection with the project financing, the Company and certain affiliates of Paragon Gaming Inc., as co-guarantors, had arranged to provide a \$17.5 million completion guarantee, for a total completion guarantee of \$35 million, the terms of which would require the co-guarantors to pay for the construction of the resort up to each guarantor’s \$17.5 million in the event that certain terms of the financing agreements were not met, including cost overruns and delays.

Dundee’s initial investment in Parq Vancouver was \$54.8 million. In March 2016, Parq Vancouver entered into discussions with its general contractor regarding delays in the construction schedule. In June 2016, Parq Vancouver entered into an amended arrangement with its lenders, allowing for a scheduled extension to September 2017. In order to fund costs primarily related to the schedule extension, the existing ownership group invested an additional \$75.3 million in Parq Vancouver, in the form of a convertible preferred security designated as “Class C Preferred Units”. The terms of the Class C Preferred Units entitle the holders thereof to a preference return of up to 17%, and provide terms for redemption and/or conversion at the holders’ option. Dundee Corporation invested \$40.7 million to acquire 37.8 million units under these arrangements, of which \$17.5 million originated from the Company’s share of the original completion guarantee. The completion guarantee was subsequently cancelled.

In the third quarter of 2016, the existing ownership group made an additional \$13.9 million investment into Parq Vancouver, the proceeds of which were primarily used by Parq Vancouver to fund a completion guarantee. Of this amount \$9 million was made in the form of Class C Preferred Units as described above, and \$4.9 million was placed into securities designated as Class D Preferred Units. The Class D Preferred Units are similar in form to the Class C Preferred Units, but carry certain liquidity and redemption preferences. The Company’s share of the additional investment was \$2.5 million, all of which was invested in Class D Preferred Units.

During the second half of 2017, and in order to fund certain enhancements and provide working capital required during the initial ramp up of operations, the existing partners funded \$16.0 million to the project, including \$11.0 million funded directly by the Company, of which \$5.0 million was invested in “Class E Preferred Units” and \$6.0 million was invested in “Class F Preferred Units”. The Class E Preferred Units generally rank in priority to the Class D Preferred Units and the Class C Preferred Units, but otherwise are subject to the same general terms and conditions. The Class F Preferred Units rank in priority to all other preferred unit classes and have similar characteristics, other than a preferential interest rate of 20%, and enhanced conversion options. In addition to the equity contributions by the

owners, the current lenders to the project provided further financing of upwards of US\$28.6 million in net proceeds, of which US\$25.6 million is subject to the terms of the first lien loan and US\$3.0 million is subject to the terms of the second lien loan.

The development of Parq Vancouver was jointly managed by affiliates of Paragon Gaming Inc. and PBC. Ongoing asset management since commencement of operations is provided jointly by affiliates of Paragon Gaming Inc., PBC and Dundee.

## **OTHER STRATEGIC INVESTMENTS**

### **Union Group International Holdings Limited**

Union Group International Holdings Limited (“**Union Group**”) is a holding company with strategic investments in the power generation, oil and gas, infrastructure and logistics, agriculture, minerals and real estate sectors, in Latin American countries such as Uruguay, Columbia, Peru and Paraguay. At December 31, 2017, Union Group’s primary asset consisted of the holding of 40 million common shares of ICC Labs Inc. (see below), representing approximately 29% of the issued and outstanding shares, with a trading value of approximately \$40.8 million.

Union Group also manages a portfolio of hydropower assets in Peru at various stages of development. In May 2016, Union Group acquired its sole operating asset, Canchayllo, a run-of-river hydropower plant with an installed capacity of approximately 5.3 megawatts (“MW”). Union Group develops and operates oil and gas assets in the Andean States and Southern Cone regions of Latin America, with exploration assets in Uruguay, Peru and Paraguay.

During 2017, Union Group experienced significant liquidity issues, causing the company to initiate an internal restructuring of its holdings, including the dispositions of its portfolio of real estate properties in Uruguay and a portion of its 3% interest in Union Agriculture Group, which it deemed were no longer part of its core strategy. Union Group maintains a management contract in respect of these assets.

Subsequent to year end, Union Group launched Union Acquisition Corp. (NYSE: LTN), a newly formed blank check company formed for the purpose of effecting a business combination of prospective target businesses, preferably but not limited to, entities in Latin America. Union Acquisition Corp. successfully raised US\$115 million during the initial public offering. There is no guarantee that Union Acquisition Corp. will be able to consummate a business combination in the 21-month timeframe set out in its listing prospectus. Union Group holds 1.6 million founders’ shares of Union Acquisition Corp.

The Company holds a 40% interest in Union Group. Additional information regarding Union Group may be accessed at [www.uniongrp.com](http://www.uniongrp.com).

### **Android Industries, LLC**

Android Industries, LLC (“**Android**”) is a private company and leading high technology enabled assembler and sequencer of complex assemblies for the automotive industry operating out of the state of Michigan, United States.

This engineering based company applies lean manufacturing principles to deliver a high value product. Android applies its expertise in supply chain management to purchase parts globally, manage currency exposure and manage inventory. Under this model, Android owns all materials with the component supply base, and assembles complete subassembly modules and delivers the finished goods to the customer just in time and in the proper build sequence, essentially dealing with customer requirements from start to finish. Initially developed for the automotive industry, the processes and equipment that have been developed by Android have applicability across components and other industries.

The Company holds a 20% interest in Android. Additional information regarding Android may be accessed at [www.android-ind.com](http://www.android-ind.com).

### *Recent Developments*

During 2016 and 2017, Android was awarded new multi-year manufacturing contracts that will be positioned at several of Android's existing production facilities. The capital requirements associated with these new contracts are significant. Android began deploying capital for these new contracts during 2017, and expects to continue to do so until 2020. During the fourth quarter of 2017, Android secured a credit facility from a syndicate of lenders, securing the necessary financial support for these activities. It is expected that the new contracts and better customer alignment will continue to result in additional value-added growth opportunities for Android, and it is expected to generate higher levels of sales and earnings beginning in 2018.

### **Dundee Acquisition Ltd.**

On March 5, 2015, the Company created Dundee Acquisition Ltd., a special purpose acquisition corporation ("**SPAC**") established for the purpose of effecting an acquisition of one or more businesses or assets, by way of a merger, share exchange, asset acquisition, share purchase, reorganization or any other similar business combination (a "**Qualifying Acquisition**"). The Company invested \$4.3 million to acquire 98% of the total common shares outstanding, including common shares that were designated as founders' shares.

Dundee Acquisition also issued class A restricted voting shares that entitled the holders thereof to redeem their shares in the event that Dundee Acquisition did not complete a Qualifying Acquisition pursuant to certain terms. The Company did not invest in the class A restricted voting shares. On January 27, 2017, the shareholders of Dundee Acquisition approved a proposed Qualifying Acquisition to effect a business combination with CHC Student Housing Corp., a publicly listed student housing company in Canada, and to acquire a series of additional student housing properties from various third parties. While the proposed Qualifying Acquisition was approved by Dundee Acquisition's shareholders, Dundee Acquisition did not meet the minimum cash amount to be retained following completion of the proposed Qualifying Acquisition, as a result of higher than expected redemptions of its class A restricted voting shares. After a review of strategic alternatives, management of Dundee Acquisition determined that there was no realistic alternative for Dundee Acquisition but to liquidate, dissolve and distribute its assets attributed to the holders of its class A restricted voting shares, which was completed on April 21, 2017. The Company retains its 98% interest in Dundee Acquisition's common shares.

### **Cambridge Medical Funding Group II, LLC**

Cambridge Medical Funding Group II, LLC ("**Cambridge Medical**") is a private, US-based consortium with a focus on funding medical receivables, including No-Fault and Workers' Compensation receivables, primarily in the state of California. The Company had invested US\$10.0 million to acquire a 50% interest in Cambridge Medical and a 50% interest in Cambridge Medical Capital Services LLC ("**Cambridge Services**"). The Company has also advanced a further US\$1.0 million to Cambridge Medical to assist with short-term working capital requirements.

Using proprietary software and sourcing, Cambridge Medical funded medical receivables from medical providers and then managed the collection and adjudication process. Certain of Cambridge's operations were conducted through a sister company, Cambridge Services. Cambridge Medical also launched a related processing service which electronically facilitates the cost-efficient processing and collection of medical receivables directly by the medical provider, on a fee per unit basis.

### *Recent Developments*

Recently, Californian authorities investigated a substantial number of medical providers and alleged that many had engaged in excessive and improper billings and treatments related to California's Workers' Compensation claims and insurance. While these concerns are being investigated, the state of California has placed significant blockades in the collection process for these receivables.

The ability of Cambridge to collect on receivables that it has otherwise funded has been significantly hindered and as a result, Cambridge has initiated a substantial curtailment of its business activities. Cambridge has advised the Corporation that it will no longer acquire any further medical receivables, and that it will concentrate its resources on the collection of amounts previously funded.

### **TauRx Pharmaceuticals Ltd.**

TauRx is a private neuroscience company focused on the discovery, development and commercialization of products for the diagnosis and treatment of neuro-degenerative diseases caused through protein aggregation. The business was established in 2002 with the aim of discovering novel approaches to the treatment and diagnosis of Alzheimer's disease ("AD") as well as other neurological diseases characterized by abnormal aggregation of the Tau protein within the brain.

In late 2016, TauRx completed and announced results for its three-part Phase III clinical trial program designed to test the efficacy and safety of LMTX™ in patients with mild to moderate AD and behavioral variant Frontotemporal Dementia. The headline results for all three studies were negative as LMTX™ failed to slow cognitive or functional decline in the total populations of treated subjects. The clinical trials that comprised patients with mild or moderate AD reported a promising sub-group analysis outcome in which patients who received LMTX™ as their only AD medication (LMTX™ as a monotherapy) demonstrated significant reductions in disease progression as measured both by cognitive and functional test batteries and by MRI imaging of brain atrophy. However, patients that received the drug as an add-on therapy showed no beneficial effects. This necessitated further trials to be conducted with a focus on LMTX™ as a monotherapy.

TauRx has initiated discussions with the regulatory authorities in Europe and the U.S. to determine its next steps and it has determined that in order to corroborate the positive findings from the aforementioned studies, it will commence with a shorter-term study that is fully randomized from the outset to test for clinically meaningful and statistically significant differences between LMTX™ taken as a monotherapy and placebo groups. TauRx is currently undertaking a 6-month placebo-controlled study (TRX Study 039) which encompasses approximately 200 patients with very mild AD. Screening for the new study, designed with a Flu-deoxyglucose Positron Emission Tomography (FDG-PET) biomarker endpoint, began in the fourth quarter of 2017, and TauRx expects the program to be fully recruited by the second quarter of 2018.

In order to fund the new study and bolster its cash reserves, TauRx approved and successfully completed a renounceable rights issue offering in the form of 1.8% non-convertible senior notes, raising US\$70.8 million (US\$70.4 million net) in September 2017.

At December 31, 2017, the Company held an approximate 4% interest in TauRx. Additional information regarding TauRx may be accessed at [www.taurx.com](http://www.taurx.com).

### **Dundee Sarea Limited Partnership**

Dundee Sarea Limited Partnership ("**Dundee Sarea LP**") is a private equity firm investing in special situations companies that require a constructive, long-term partner to drive meaningful change and growth. Through limited partnership vehicles, Dundee Sarea LP makes equity investments in mid-

market companies that are in need of financial restructuring or an operational turnaround. Supported by a group of professionals with hands-on turnaround experience, Dundee Sarea's business model encompasses the investment of more than just capital to difficult situations. Instead, these professionals become actively involved in realigning strategy and improving performance.

Dundee Sarea Acquisition I Limited Partnership ("**Dundee Sarea Fund**") is a private equity fund that uses the capital advanced by its limited partners to invest in companies requiring turn-around expertise in North America and Europe, with a focus on manufacturing distribution, industrial products, agriculture, oil & gas and forestry-related industries. The Company currently holds a 33% interest in this venture and it has committed capital of \$21.0 million of which, as at December 31, 2017, it had already funded or otherwise provided for \$19.1 million.

At December 31, 2017, Dundee Sarea Fund's sole investment consisted of a 100% ownership in Redecam Group S.p.A. Based in Milan, Italy, Redecam Group S.p.A is a designer, manufacturer and installer of air filtration equipment and flue gas treatment systems for air pollution control.

Additional information regarding Dundee Sarea LP may be accessed at [www.dundeesarea.com](http://www.dundeesarea.com).

## **OTHER INVESTMENTS**

The Company's other investments include investments in both publicly listed and private companies in a variety of sectors.

The Company evaluates its portfolio of assets on an ongoing basis with a view to maximizing value for its shareholders. As a result, the Company expects that the composition of its assets may change from time to time and evolve in response to future opportunities as they arise, and the Company will consider economic conditions, strategic opportunities, costs of acquisitions and dispositions of assets, financing alternatives and other considerations in connection with its evaluation of each such future opportunity.

In addition to the information provided in this AIF about the Company's operations, subsidiaries and investee companies, those which are reporting issuers have public disclosure documents containing detailed information specific to their respective operations filed on SEDAR, copies of which may be obtained at [www.sedar.com](http://www.sedar.com). Other information may be available on certain of such issuers' websites. None of such information is incorporated by reference in this AIF.

## **Employees**

The Company had 93 employees as of February 28, 2018<sup>1</sup>.

## **Credit Facility**

On April 27, 2017, the Company established an \$80 million revolving term credit facility with a Canadian Schedule I Chartered Bank that matures on April 26, 2018. The credit facility bears interest at a rate per annum equal to the prime lending rate for loans plus 1.50% or, at the Company's option, at the prevailing bankers' acceptance rate or London Interbank Offered Rate plus 2.50%. Unused amounts under the revolving term credit facility are subject to an annual standby fee of 0.50%.

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<sup>1</sup> Employee count includes head office employees of the Company and its operating subsidiaries managed at the location of the Company's head office through which payroll is processed by the Company.

The Company has granted a first ranking security over all of its assets as security against amounts borrowed under these arrangements. In addition to restrictions customary to these types of arrangements, including restrictions on the existence of other secured indebtedness, the Company's revolving term credit facility requires the maintenance of certain financial ratios relating to the fair value of the Company's investments relative to amounts borrowed. Therefore, the Company's borrowing availability will continue to increase or decrease, reflecting corresponding increases or decreases in the fair value of the Company's investments. At December 31, 2017, the Company had issued letters of credit in the amount of €2.4 million (\$3.6 million Canadian dollars) under the terms of the revolving term credit facility to support certain of its equity accounted investments. There were no other amounts drawn against the credit facility at December 31, 2017.

At December 31, 2017, the Company was in compliance with all debt covenants under the terms of the new revolving term credit facility.

Subsequent to December 31, 2017, the Company entered into discussions with its lender to amend the terms of the revolving term credit facility at its maturity on April 26, 2018. The Company anticipates that any such amendment will involve a substantial reduction in the amounts of borrowing availability, suitable to changes to the Company's bank activities and associated risk profile. There can be no assurance that the Company will be successful in negotiating revised terms for an amended credit facility.

## DESCRIPTION OF SHARE CAPITAL

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The Company is authorized to issue an unlimited number of Subordinate Voting Shares, an unlimited number of Common Shares, an unlimited number of first preference shares, issuable in series ("**First Preference Shares**"), an unlimited number of second preference shares, issuable in series ("**Second Preference Shares**") and an unlimited number of third preference shares, issuable in series ("**Third Preference Shares**"). The following is a summary of the rights, privileges, restrictions and conditions attached to each class of shares of the Company.

As of February 28, 2018, the Company had the following securities outstanding:

Subordinate Voting Shares	55,701,603
Common Shares	3,114,804
First Preference Shares, Series 2 Shares	3,479,385
First Preference Shares, Series 3 Shares	1,720,615
First Preference Shares, Series 5 Shares	3,294,938
Subordinate Voting Share Purchase Warrants	1,421,374

### SUBORDINATE VOTING SHARES AND COMMON SHARES

Holders of Subordinate Voting Shares and Common Shares are entitled to one vote and 100 votes,

respectively, for each such share held on all votes taken at meetings of the shareholders of the Company. As of February 28, 2018, there were issued and outstanding 55,701,603 Subordinate Voting Shares and 3,114,804 Common Shares and such outstanding Subordinate Voting Shares represented an aggregate of 15.2% of the votes entitled to be voted at a meeting of holders of Subordinate Voting Shares and holders of Common Shares. Subject to the rights of holders of First Preference Shares, Second Preference Shares, Third Preference Shares and other shares of the Company ranking prior to the Subordinate Voting Shares and Common Shares, the Subordinate Voting Shares and Common Shares participate equally, share for share, as to dividends. The Common Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time, subject to adjustment.

In the event an offer to purchase Common Shares is made which must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Common Shares are then listed, be made to all or substantially all of the holders of Common Shares residing in any province of Canada, each Subordinate Voting Share will be convertible at the option of the holder into one Common Share, subject to adjustment, at any time from the day the offer is made until: (a) in the case of an offer other than an offer made through the facilities of a stock exchange, the latest time for deposit of Common Shares under the offer; and (b) in the case of an offer made through the facilities of a stock exchange on which the Common Shares are listed, 12:30 p.m., Toronto time, on the business day immediately preceding the last date upon which holders of Common Shares may accept the offer. The right of conversion into Common Shares will not come into effect in the event that an identical offer in terms of price per share, percentage of shares to be taken up and other essential terms is made to purchase Subordinate Voting Shares concurrently with the offer to purchase Common Shares. All Subordinate Voting Shares so converted into Common Shares will be automatically reconverted into Subordinate Voting Shares: (a) in the case of Common Shares taken up and purchased under the offer, immediately after the Common Shares are taken up and purchased under the offer; or (b) in the case of Common Shares not taken up and purchased under the offer, immediately after such Common Shares are released to the holder thereof.

Each Subordinate Voting Share will be automatically converted into a Common Share in the case of an exempt take-over bid for Common Shares at a price per Common Share exceeding 115% of the trading price of the Subordinate Voting Shares by an offeror acquiring shares of the Company such that the offeror holds voting shares of the Company having attached thereto 50% or more of the votes attached to all of the then outstanding shares of the Company. Other than as set out above, holders of Subordinate Voting Shares and Common Shares rank equally in all respects.

Subject to the rights of holders of First Preference Shares, Second Preference Shares, Third Preference Shares and other shares of the Company ranking prior to the Subordinate Voting Shares and Common Shares, holders of Subordinate Voting Shares and Common Shares are entitled to participate equally in the property and assets of the Company available to such holders in the event of the liquidation, dissolution or winding-up of the Company.

The listing agreement between the Company and the TSX provides that, prior to the issue from treasury of any Common Shares, separate approval of holders of Subordinate Voting Shares is required in addition to any shareholder approvals which might otherwise be required by the TSX or any other exchange on which such shares are listed. This restriction does not apply to the issue of Common Shares upon conversion of Subordinate Voting Shares in accordance with the rights thereof or pursuant to the declaration of stock dividends on the Common Shares payable in Common Shares provided that such stock dividends do not result in the issue in any calendar year of more than 5% of the Common Shares issued and outstanding as at the last day of the immediately preceding calendar year.

## **FIRST PREFERENCE SHARES**

Each series of First Preference Shares, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, will rank on a parity with the First Preference Shares of every other series and senior to the Subordinate Voting Shares, Common Shares, Second Preference Shares and Third Preference Shares.

Except in accordance with any voting rights which may be attached to any series of First Preference Shares, the holders of First Preference Shares are not entitled, as such, to receive notice of, or to attend, any meeting of shareholders of the Company, nor are they entitled to vote at any such meeting; provided that such holders shall be entitled to receive notice of any meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale, lease or exchange of all or substantially all of its property. The approval of holders of First Preference Shares as a class to any matters which, by law, require such approval may be given by the affirmative vote of holders of not less than two-thirds of the First Preference Shares represented and voted at a meeting called and held for such purpose.

### **Series 2 Shares**

There are 5,200,000 Cumulative 5-Year Rate Reset First Preference Shares, Series 2 (the “**Series 2 Shares**”) authorized to be issued. As of February 28, 2018, there were 3,479,385 Series 2 Shares outstanding.

#### *Voting Rights*

Holders of Series 2 Shares are not entitled to any voting rights (except as otherwise provided by law). However, if at any time the Company is in arrears for eight quarterly dividends in respect of the Series 2 Shares, whether or not consecutive or declared, and whether or not there are any monies of the Company properly applicable for the payment of such dividends, the holders of Series 2 Shares shall be entitled, together with all other shares of the Company, to receive notice of all meetings of shareholders of the Company and thereat to vote one vote for each share held, except for meetings at which only holders of another class or series are entitled to vote, until such arrears for such dividends shall have been paid.

#### *Redemption Rights*

The Series 2 Shares are redeemable, in whole or in part, on September 30, 2019 and on September 30 every fifth year thereafter, at the option of the Company for a cash price of \$25.00 per share, together with all accrued and unpaid dividends to, but excluding, the redemption date.

If at any time, under applicable law or in the circumstances described in the Final Short Form Prospectus dated September 30, 2009 of the Company, the Series 2 Shares become entitled to vote separately as a class with all other first preference shares or separately as a series, the Company may at its option redeem all or any number of the then outstanding Series 2 Shares upon payment in cash of \$25.00 per Series 2 Share together with all accrued and unpaid dividends to the date fixed for redemption.

#### *Conversion Rights*

The holders of Series 2 Shares have the right on September 30, 2019 and have the right on each September 30 every fifth year thereafter (each a “**Series 2 Conversion Date**”) to convert all or any of their Series 2 Shares into Series 3 Shares on the basis of one Series 3 Share for each Series 2 Share, upon written notice to the Company that is not less than 15, and not more than 30 days prior to the applicable Series 2 Conversion Date. The Company shall not more than 60 and not less than 30 days

prior to each Series 2 Conversion Date, provide notice of such conversion right to the holders of Series 2 Shares, together with the applicable form of conversion notice, and the Company shall provide the applicable information regarding the dividend rates applicable to Series 3 Shares upon such conversion on the 30th day prior to the applicable Series 2 Conversion Dates.

If, after having taken into account all Series 2 Shares tendered for conversion into Series 3 Shares and all Series 3 Shares tendered for conversion into Series 2 Shares, there would remain less than 500,000 Series 2 Shares outstanding, then all of the remaining outstanding Series 2 Shares will be converted into Series 3 Shares on the basis of one Series 3 Share for each Series 2 Share on the applicable Series 2 Conversion Date. Notwithstanding the foregoing: (i) holders of Series 2 Shares shall not be entitled to such conversion right if after having taken into account all Series 2 Shares tendered for conversion into Series 3 Shares and all Series 3 Shares tendered for conversion into Series 2 Shares there would remain less than 500,000 Series 3 Shares outstanding; and (ii) the conversion rights of holders of Series 2 Shares, and the rights of such holders to receive notice from the Company of dividend rates and conversion rights, shall terminate if the Company gives notice to the holders of the Series 2 Shares of the redemption of all Series 2 Shares by the Company.

The Company is entitled, at its option, upon conversion of Series 2 Shares into Series 3 Shares, to pay any holders of Series 2 Shares that the Company, or the transfer agent of the Company, believes is not a resident of Canada cash in lieu of Series 3 Shares which the holder would have otherwise been entitled to receive, in accordance with the articles of the Company.

#### *Repurchase Rights*

The Company may purchase for cancellation all or any part of the then outstanding Series 2 Shares on the open market by private agreement or otherwise.

#### *Dividends*

The holders of Series 2 Shares are currently entitled to receive quarterly fixed, cumulative, preferential cash dividends, if, as and when declared by the board of the directors of the Company, in an amount equal to \$1.422 per Series 2 Share per annum (less any tax required to be deducted and withheld by the Company from payments to non-residents), which shall accrue daily from and including the original date of issue, and shall be payable on the last day of March, June, September and December in each year.

#### *Winding Up, Dissolution*

In the event of the liquidation, dissolution or winding up of the Company, holders of Series 2 Shares are entitled to receive from the assets of the Company an amount equal to \$25.00 per Series 2 Share, together with an amount equal to all accrued but unpaid dividends thereon, before any amount shall be paid by the Company to holders of any Shares ranking junior as to capital to the Series 2 Shares.

### **Series 3 Preference Shares**

There are 5,200,000 Cumulative Floating Rate First Preference Shares, Series 3 ("**Series 3 Shares**") authorized to be issued. As of February 28, 2018, there were 1,720,615 Series 3 Shares outstanding.

#### *Voting Rights*

Holders of Series 3 Shares are not entitled to any voting rights (except as otherwise provided by law). However, if at any time the Company is in arrears for eight quarterly dividends in respect of the Series 3 Shares, whether or not consecutive or declared, and whether or not there are any monies of the Company properly applicable for the payment of such dividends, the holders of Series 3 Shares shall be entitled, together with all other shares of the Company, to receive notice of all meetings of shareholders

of the Company and thereat to vote one vote for each share held, except for meetings at which only holders of another class or series are entitled to vote, until such arrears for such dividends shall have been paid.

#### *Redemption Rights*

The Series 3 Shares are redeemable, in whole or in part, at any time; at the option of the Company, for a cash price of: (i) \$25.50 per share, together with all accrued and unpaid dividends to, but excluding, the redemption date, if such Series 3 shares are redeemed after September 30, 2014 on a date that is not a Series 3 Conversion Date (as defined below). If at any time, under applicable law or in the circumstances described in the Final Short Form Prospectus dated September 30, 2009 of the Company, the Series 3 Shares become entitled to vote separately as a class with all other First Preference Shares or separately as a series, the Company may at its option redeem all or any number of the then outstanding Series 3 Shares upon payment in cash of \$25.00 per share, together with all accrued and unpaid dividends to, but excluding, the redemption date; and (ii) \$25.00, if such Series 3 Shares are redeemed on a Series 3 Conversion Date, together with all accrued and unpaid dividends to, but excluding, the redemption date.

#### *Conversion Rights*

The holders of Series 3 Shares shall have the right on September 30, 2019 and each September 30 every fifth year thereafter (each a “**Series 3 Conversion Date**”) to convert all or any of their Series 3 Shares into Series 2 Shares on the basis of one Series 2 Share for each Series 3 Share, upon written notice to the Company that is not less than 15, and not more than 30 days prior to the applicable Series 3 Conversion Date. The Company shall not more than 60 and not less than 30 days prior to each Series 3 Conversion Date, provide notice of such conversion right to the holders of Series 3 Shares, together with the applicable form of conversion notice, and the Company shall provide the applicable information regarding the dividend rates applicable to Series 2 Shares upon such conversion on the 30<sup>th</sup> day prior to the applicable Series 3 Conversion Dates.

If, after having taken into account all Series 3 Shares tendered for conversion into Series 2 Shares and all Series 2 Shares tendered for conversion into Series 3 Shares, there would remain less than 500,000 Series 3 Shares outstanding, then all of the remaining outstanding Series 3 Shares will be converted into Series 2 Shares on the basis of one Series 2 Share for each Series 3 Share on the applicable Series 3 Conversion Date. Notwithstanding the foregoing: (i) holders of Series 3 Shares shall not be entitled to such conversion right if after having taken into account all Series 3 Shares tendered for conversion into Series 2 Shares and all Series 2 Shares tendered for conversion into Series 3 Shares there would remain less than 500,000 Series 2 Shares outstanding; and (ii) the conversion rights of holders of Series 3 Shares, and the rights of such holders to receive notice from the Company of dividend rates and conversion rights, shall terminate if the Company gives notice to the holders of the Series 3 Shares of the redemption of all Series 3 Shares by the Company.

The Company is entitled, at its option, upon conversion of Series 3 Shares into Series 2 Shares, to pay any holders of Series 3 Shares that the Company, or the transfer agent of the Company, believes is not a resident of Canada cash in lieu of Series 2 Shares which the holder would have otherwise been entitled to receive, in accordance with the articles of the Company.

#### *Repurchase Rights*

The Company may purchase for cancellation all or any part of the then outstanding Series 3 Shares on the open market, by private agreement or otherwise.

### *Dividends*

The holders of Series 3 Shares are entitled to receive a quarterly floating rate dividend, as and when declared by the board of directors of the Company, equal to the then current three-month Government of Canada Treasury Bill Yield plus 4.10%. Holders of the Series 3 Shares may convert their Series 3 Shares into Series 2 Shares, subject to certain conditions and the Company's right to redeem the Series 3 Shares, on September 30, 2019 and on September 30th every fifth year thereafter.

### *Winding Up, Dissolution*

In the event of the liquidation, dissolution or winding up of the Company, holders of Series 3 Shares are entitled to receive from the assets of the Company an amount equal to \$25.00 per Series 3 Share, together with an amount equal to all accrued but unpaid dividends thereon, before any amount shall be paid by the Company to holders of any shares ranking junior as to capital to the Series 3 Shares.

### **Series 4 Shares**

There are 6,000,000 First Preference Shares, Series 4 (the "**Series 4 Shares**") authorized to be issued. On February 12, 2016, the Company completed a share exchange transaction pursuant to which each Series 4 Share was exchanged for: (i) 0.7136 of a Series 5 Share of the Company, and (ii) 0.25 of a Subordinate Voting Share Purchase Warrant pursuant to a plan of arrangement under section 182 of the *Business Corporations Act* (Ontario).

### **Series 5 Shares**

There are 4,281,600 First Preference Shares, Series 5 (the "**Series 5 Shares**") authorized to be issued.

As of February 28, 2018, there were 3,294,938 Series 5 Shares outstanding.

### *Voting Rights*

Holders of Series 5 Shares are not entitled to any voting rights (except as otherwise provided by law or in the conditions attaching to all first preference shares of the Company as a class). However, if at any time the Company is in arrears for eight quarterly dividends in respect of the Series 5 Shares, whether or not consecutive or declared, and whether or not there are any monies of the Company properly applicable for the payment of such dividends, the holders of Series 5 Shares shall be entitled, together with all other shares of the Company, to receive notice of all meetings of shareholders of the Company and thereat to vote one vote for each share held, except for meetings at which only holders of another class or series are entitled to vote, until such arrears for such dividends shall have been paid.

### *Redemption Rights*

The Series 5 Shares will be redeemable at the option of the Company for a cash price of:

- \$25.50 per share if redeemed on or after June 30, 2017 and prior to June 30, 2018,
- \$25.25 per share if redeemed on or after June 30, 2018 and prior to June 30, 2019, and
- \$25.00 per share if redeemed on or after June 30, 2019,

together, in each case, with all accrued and unpaid dividends thereon.

Prior to June 30, 2019, a holder of Series 5 Shares cannot require the Company to redeem any Series 5 Shares. On or after June 30, 2019, a holder of Series 5 Shares may require the Company to redeem such shares for a cash price of \$25.00 per share, together with all accrued and unpaid dividends thereon.

#### *Mandatory Redemption*

On January 31, 2018, the Company completed the redemption of 303,265 Series 5 Shares, being all such shares tendered for redemption in accordance with the redemption provisions of the Series 5 Shares. The Series 5 Shares were redeemed at a price of \$25.00 per share, or \$7.6 million in aggregate plus accrued and unpaid dividends of \$49,000.

#### *Mandatory Conversion Rights*

Subject to compliance with all applicable laws, including receipt of all necessary regulatory approvals, the Series 5 Shares are convertible, at the option of the Company, into Subordinate Voting Shares at any time prior to June 30, 2019.

The number of Subordinate Voting Shares into which each Series 5 Share may be so converted will be determined by dividing the then applicable redemption price per Series 5 Share, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of: (i) \$2.00; and (ii) 95% of the weighted average trading price of the Subordinate Voting Shares on the TSX for the 20 consecutive trading days ending on the fourth day prior to the date specified for conversion or, if such fourth day is not a trading day, the immediately preceding trading day.

#### *Repurchase Rights*

The Company may purchase for cancellation all or any part of the then outstanding Series 5 Shares on the open market by private agreement or otherwise.

#### *Dividends*

The holders of Series 5 Shares are entitled to receive quarterly fixed cumulative preferential cash dividends, if, as and when declared by the board of the directors of the Company, in an amount equal to \$1.875 per share per annum (less any tax required to be deducted and withheld by the Company from payments to non-residents) to accrue daily from and including the original date of issue, payable on the last day of March, June, September and December in each year.

#### *Winding Up, Dissolution*

In the event of the liquidation, dissolution or winding up of the Company, holders of Series 5 Shares are entitled to receive from the assets of the Company an amount equal to \$25.00 per Series 5 Share, together with an amount equal to all accrued but unpaid dividends thereon, before any amount shall be paid by the Company to holders of any shares ranking junior as to capital to the Series 5 Shares.

### **SECOND PREFERENCE SHARES**

Each series of Second Preference Shares, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, will rank junior and subordinate to the First Preference Shares, on a parity with Second Preference Shares of every other series, and senior to the Subordinate Voting Shares, Common Shares and Third Preference Shares.

Except in accordance with any voting rights which may be attached to any series of Second Preference Shares, the holders of Second Preference Shares are not entitled, as such, to receive notice of, or to attend, any meeting of shareholders of the Company, nor are they entitled to vote at any such meeting provided that such holders shall be entitled to receive notice of any meetings of shareholders of the Company called for the purpose of authorizing the dissolution of the Company or the sale, lease or exchange of all or substantially all of its property. The approval of holders of Second Preference Shares as a class to any matters which, by law, require such approval, may be given by the affirmative vote of holders of not less than two-thirds of the Second Preference Shares represented and voted at a meeting called and held for such purpose.

As of February 28, 2017, there were no Second Preference Shares authorized or outstanding.

### **THIRD PREFERENCE SHARES**

Each series of Third Preference Shares, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, will rank junior and subordinate to the First Preference Shares and the Second Preference Shares, on a parity with the Third Preference Shares of every other series and senior to the Subordinate Voting Shares and Common Shares. Except in accordance with any voting rights which may be attached to any series of Third Preference Shares, the holders of Third Preference Shares are not entitled to receive notice of, or to attend, any meeting of shareholders of the Company, nor are they entitled to vote at any such meeting (except for a meeting called for the purpose of authorizing the dissolution of the Company or the sale, lease or exchange of all or substantially all of its property). The approval of holders of Third Preference Shares as a class to any matters which, by law, require such approval, may be given by the affirmative vote of holders of not less than two-thirds of the Third Preference Shares represented and voted at a meeting called and held for such purpose.

As of February 28, 2017, there were no Third Preference Shares authorized or outstanding.

### **Subordinate Voting Share Purchase Warrants**

As of February 28, 2018, following completion of the plan of arrangement, there were 1,421,374 Subordinate Voting Share Purchase Warrants outstanding.

Each Warrant will entitle the holder thereof to purchase one Subordinate Voting Share at a price of \$6.00 per Subordinate Voting Share at any time prior to 5:00 p.m. (Toronto time) on June 30, 2019, after which time the Warrants will expire and be of no further force and effect.

### **DIVIDEND POLICY**

The current practice of the Company is to pay dividends to the holders of its Series 2 Shares, Series 3 Shares and Series 5 Shares. The Company has not established a dividend policy with respect to the Subordinate Voting Shares or the Common Shares of the Company instead using its normal course issuer bid to purchase Subordinate Voting Shares for cancellation. Any future determination to pay dividends is at the discretion of the directors of the Company and will depend upon the financial condition, results of operations and capital requirements of the Company and such other factors as the directors of the Company consider relevant.

The following table discloses the dollar amount of cash dividends declared per share for the Series 2 Shares, Series 3 Shares, Series 4 Shares, and Series 5 Shares of the Company outstanding during the financial years ended December 31, 2017, 2016 and 2015:

<b>Dividends per Outstanding Share</b>	<b>2017</b>	<b>2016</b>	<b>2015</b>
Series 2 Shares <sup>(1)</sup>	\$1.422	\$1.422	\$1.422
Series 3 Shares <sup>(1)</sup>	\$1.166383	\$1.155226	\$1.17625
Series 4 Shares <sup>(2) (3)</sup>	-	-	\$0.892
Series 5 Shares <sup>(3)</sup>	\$1.875	\$1.875	-

<sup>1</sup>In accordance with the terms of the Company's Series 2 Shares, holders had the right, at their option, to convert all or part of their Series 2 Shares on a one for one basis, into Series 3 Shares. At December 31, 2017, Dundee had 3,479,385 Series 2 Shares and 1,720,615 Series 3 Shares issued and outstanding. The Series 2 Shares are listed on the Toronto Stock Exchange under the symbol DC.PR.B and the Series 3 Shares are listed on the Toronto Stock Exchange under the symbol DC.PR.D.

<sup>2</sup>In connection with the DREAM Arrangement, the Preference Shares, Series 1 were cancelled and replaced with the Series 4 Shares in May, 2013. For further details, please refer to the Company's Management Information Circular filed in connection with the DREAM Arrangement, dated April 16, 2013, which is available under the Company's profile at [www.sedar.com](http://www.sedar.com).

<sup>3</sup>On February 12, 2016, the Company completed a share exchange transaction pursuant to which each Series 4 Share was exchanged for (i) 0.7136 of a Series 5 Share of the Company and (ii) 0.25 of a Subordinate Voting Share Purchase Warrant pursuant to a plan of arrangement under section 182 of the *Business Corporations Act* (Ontario). The dollar amount of cash dividends on the Series 5 Shares will be \$1.875 per year.

## MARKET FOR SECURITIES

### SUBORDINATE VOTING SHARES

The Subordinate Voting Shares are currently listed and posted for trading on the TSX under the symbol DC.A. The Common Shares are not listed.

The following table sets forth information relating to the price range and volume traded for the Subordinate Voting Shares on a monthly basis for each month in the fiscal year ended December 31, 2017:

<b>Month</b>	<b>High Price (Cdn. \$)</b>	<b>Low Price (Cdn. \$)</b>	<b>Close Price (Cdn. \$)</b>	<b>Traded Volume</b>
January 2017	6.00	5.37	5.43	665,273
February 2017	5.49	4.86	4.89	1,269,948
March 2017	4.93	3.95	4.07	939,296
April 2017	4.02	3.15	3.15	1,187,310
May 2017	4.09	2.81	3.08	1,706,484

Month	High Price (Cdn. \$)	Low Price (Cdn. \$)	Close Price (Cdn. \$)	Traded Volume
June 2017	3.25	2.79	2.85	993,862
July 2017	2.85	2.58	2.67	944,479
August 2017	2.87	2.61	2.86	611,507
September 2017	3.40	2.70	3.20	935,592
October 2017	3.33	3.01	3.16	654,029
November 2017	3.31	2.60	2.70	937,308
December 2017	2.95	2.37	2.53	2,569,231

## SERIES 2 SHARES

The Series 2 Shares are currently listed and posted for trading on the TSX under the symbol DC.PR.B.

The following table sets forth the information relating to the price range and volume traded for the Series 2 Shares on a monthly basis for each month in the fiscal year ended December 31, 2017:

Month	High Price (Cdn. \$)	Low Price (Cdn. \$)	Close Price (Cdn. \$)	Traded Volume
January 2017	15.97	14.20	15.79	82,530
February 2017	16.50	15.65	16.41	93,752
March 2017	16.89	16.01	16.29	95,812
April 2017	16.38	16.00	16.15	77,317
May 2017	16.20	14.10	14.40	111,128
June 2017	14.50	13.00	13.60	86,105
July 2017	13.70	12.64	12.65	68,440
August 2017	12.77	11.70	12.00	137,952
September 2017	12.93	11.90	12.84	66,164
October 2017	13.53	12.86	13.06	58,353
November 2017	13.18	12.40	12.70	115,374

Month	High Price (Cdn. \$)	Low Price (Cdn. \$)	Close Price (Cdn. \$)	Traded Volume
December 2017	13.00	12.05	12.42	145,076

### SERIES 3 SHARES

The Series 3 Shares are currently listed and posted for trading on the TSX under the symbol DC.PR.D.

The following table sets forth the information relating to the price range and volume traded for the Series 3 Shares on a monthly basis for each month in the fiscal year ended December 31, 2017:

Month	High Price (Cdn. \$)	Low Price (Cdn. \$)	Close Price (Cdn. \$)	Traded Volume
January 2017	13.77	12.80	13.50	30,413
February 2017	14.20	13.49	14.00	30,813
March 2017	14.20	13.86	14.20	22,482
April 2017	14.11	13.39	13.39	38,047
May 2017	13.37	12.52	12.61	67,884
June 2017	13.25	11.90	12.19	60,724
July 2017	12.26	11.46	11.60	49,090
August 2017	11.65	11.18	11.46	35,253
September 2017	12.70	11.25	12.65	31,075
October 2017	12.95	12.45	12.45	32,132
November 2017	12.76	12.20	12.70	59,267
December 2017	12.50	11.98	12.00	64,285

## SERIES 5 SHARES

The Series 5 Shares are currently listed and posted for trading on the TSX under the symbol DC.PR.E.

The following table sets forth the information relating to the price range and volume traded for the Series 5 Shares on a monthly basis for each month from January 2017 to December 2017:

Month	High Price (Cdn. \$)	Low Price (Cdn. \$)	Close Price (Cdn. \$)	Traded Volume
January 2017	24.23	23.26	24.20	33,434
February 2017	24.60	24.22	24.27	19,542
March 2017	24.75	24.21	24.57	36,675
April 2017	24.56	23.95	24.10	37,427
May 2017	24.21	23.60	23.95	70,044
June 2017	24.15	23.15	23.25	62,249
July 2017	23.40	22.75	23.00	57,207
August 2017	23.79	22.61	23.79	32,729
September 2017	24.10	23.65	23.82	27,703
October 2017	24.38	23.80	24.20	14,609
November 2017	24.30	24.18	24.28	24,020
December 2017	24.85	24.25	24.51	45,222

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## DIRECTORS AND OFFICERS

### NAMES, OCCUPATIONS AND SECURITY HOLDINGS

The following tables set forth the name and place of residence, position held with the Company and principal occupation of each of the directors and officers of the Company as of February 28, 2018. Directors of the Company hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

<b>Name and Place of Residence</b>	<b>Position Held in the Company</b>	<b>Director Since</b>	<b>Principal Occupation</b>
<b>Directors</b>			
Jonathan Goodman Ontario, Canada	Executive Chairman and Director	2018	Executive Chairman, Dundee
David Goodman Ontario, Canada	Chief Executive Officer and Director	2009	Chief Executive Officer, Dundee
Garth A. C. MacRae <sup>(1)</sup> Ontario, Canada	Director	1991	Retired
Robert McLeish <sup>(2)(3)</sup> Ontario, Canada	Chairman and Lead Director	2002	Independent Consultant
Andrew Molson <sup>(2)(3)</sup> Montreal, Canada	Director	2015	Chairman of RES PUBLICA Consulting Group
A. Murray Sinclair, Jr. <sup>(1)(2)(3)</sup> British Columbia, Canada	Director	2012	Chief Investment Officer, Earlston Investments Corp.
K. Barry Sparks <sup>(1)</sup> Ontario, Canada	Director	1993	President, Torvan Capital Group, a corporate advisory and management company

<b>Name and Place of Residence</b>	<b>Position Held in the Company</b>	<b>Officer Since</b>	<b>Principal Occupation</b>
<b>Non-Director Officers</b>			
Mark Goodman Ontario, Canada	President	2013	President, Dundee
Lucie Presot Ontario, Canada	Executive Vice President and Chief Financial Officer	1994	Executive Vice President and Chief Financial Officer, Dundee
Richard McIntyre Ontario, Canada	Executive Vice President and Chief Operating Officer	2015	Executive Vice President and Chief Operating Officer, Dundee

Geoff Morphy Ontario, Canada	Vice President, Corporate Development	2016	Vice President, Corporate Development, Dundee
Sivan Fox Ontario, Canada	Vice President, Legal and Corporate Secretary	2009	Vice President, Legal and Corporate Secretary, Dundee
Perina Montesano Ontario, Canada	Vice President, Internal Audit	2009	Vice President, Internal Audit, Dundee
Mark Pereira Ontario, Canada	Assistant Corporate Secretary	2017	Assistant Corporate Secretary, Dundee

<sup>1</sup> Member of Audit Committee

<sup>2</sup> Member of Compensation Committee

<sup>3</sup> Member of Corporate Governance Committee

Each of the foregoing individuals has held his or her present principal occupation or other executive offices with the same company or its predecessors or affiliates for the past five years, except for: (i) David Goodman, who prior to October 31, 2013, was on the advisory board of Scotiabank, Global Asset Management, and prior to that, was President and Chief Executive Officer of DundeeWealth Inc.; (ii) A. Murray Sinclair Jr., who prior to December 1, 2013, was the Chairman of the board at Sprott Resource Lending Corp.; Corporate Secretary at Nebo Capital Corp.; President, Chief Executive Officer, Chief Financial Officer and Secretary of Ananda Capital Corp.; President, Chief Executive Officer, and Chief Financial Officer and Secretary of Denovo Capital Corp.; (iii) Geoff Morphy, who prior to May 2016 was Managing Director of Klein Farber Corporate Finance Inc.; and (iv) Jonathan Goodman, who prior to September 6, 2017, was President and Chief Executive Officer of Dundee Precious Metals Inc. and prior to January 31, 2018 was President and Chief Executive Officer of Toachi Mining Inc.

As of February 28, 2018, the directors and senior officers of the Company as a group beneficially owned, directly or indirectly, or exercised control over, 3,062,552 Subordinate Voting Shares, representing approximately 5.5% of the outstanding Subordinate Voting Shares, and 873 Common Shares, representing approximately 0.03% of the outstanding Common Shares, in the aggregate representing approximately a 5.21% equity interest and approximately a 0.86% voting interest in the Company. In addition, Jodamada Corporation, a private company owned by Messrs. Daniel Goodman, Jonathan Goodman, David Goodman and Mark Goodman, owns in aggregate 6,488,006 Subordinate Voting Shares representing 11.7% of the Subordinate Voting Shares and a 1.8% voting interest.

## **CEASE TRADE ORDERS, BANKRUPTCIES, PENALTIES OR SANCTIONS**

### ***Delisting of Dundee Energy from TSX***

On September 11, 2017, as a result of a delisting review conducted by the TSX, the common shares of Dundee Energy were delisted from the TSX. Dundee Energy remains a reporting issuer in each of the provinces and territories of Canada under applicable Canadian securities laws.

No director or executive officer of the Company is, or has been, within 10 years before the date hereof, a director, chief executive officer or chief financial officer of any company (including the Company), that:

- i. was the subject of a cease trade order, an order similar to a cease order or an order that denied the relevant company access to any exemption under securities legislation, that was in effect for a period of more than 30 consecutive days (an “order”) that was issued while that person was acting in the capacity as director, chief executive officer or chief financial officer; or

- ii. was subject to an order that was issued, after the director or executive officer ceased to be a director, chief executive officer or chief financial officer and which resulted from an event that occurred while that person was acting in the capacity as director, chief executive officer or chief financial officer.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- i. is, at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company (including the Company) that, while that person was acting in that capacity or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or became subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets, or
- ii. has, within 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets,

except as follows:

Garth A.C. MacRae is the Chairman of the board of directors of Dundee Energy and Lucie Presot is the Vice President and Chief Financial Officer of Dundee Energy and a director, Chief Financial Officer and Corporate Secretary of Dundee Oil and Gas Limited (“**Dundee Oil and Gas**”), the general partner of DELP, a wholly owned subsidiary entity of Dundee Energy. On July 21, 2017, DELP and Dundee Energy received notice from DELP’s lender, demanding repayment of amounts borrowed pursuant to DELP’s credit facility. DELP was not able to comply with the demand request. Accordingly, on August 16, 2017, DELP commenced insolvency proceedings by filing a Notice of Intent to Make a Proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) in order for it to run a court-supervised sale process (“SSP”). Pursuant to the recommendation of the proposal trustee, the SSP was continued under the terms of the Companies’ Creditors Arrangement Act in order to extend the timeline within which the SSP is to be completed. Dundee Energy has publicly disclosed in its continuous disclosure documents that completion of the SSP and the sale of the assets and liabilities of DELP is highly probable and is expected to be completed within one year.

Jonathan Goodman, who was a director of Tahera Diamond Corporation (“**Tahera**”) from August 2003 to September 29, 2008, who was also director, Chairman and CEO of Tahera, from October 2003 to December 2008, a company that filed for protection under the *Companies’ Creditors Arrangement Act* (Canada) (“**CCAA**”) with the Ontario Superior Court of Justice on January 16, 2008. As a consequence of its financial difficulties, Tahera failed to file financial statements for the year ended December 31, 2007 and subsequent financial periods. As a result, Tahera was delisted from the TSX in November 2009 and Orders were issued in 2010 by the securities regulatory authorities of Ontario, Quebec, Alberta and British Columbia, which orders have not been revoked. Tahera subsequently sold its tax assets to Ag Growth International and certain properties, including the Jericho diamond mine, to Shear Minerals Ltd., and the monitoring process under CCAA concluded by order of the Supreme Court of Justice in September 2010.

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to (i) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or (ii) any

other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable investor in making an investment decision.

### **CONFLICTS OF INTEREST**

Certain officers and directors of the Company are officers and directors of, or are associated with, other public and private companies. Such associations may give rise to conflicts of interest with the Company from time to time. The OBCA requires, among other things, the officers and directors of the Company to act honestly and in good faith with a view to the best interest of the Company, to disclose any personal interest which they may have in any material contract or transaction which is proposed to be entered into with the Company and, in the case of directors, to abstain from voting as a director for the approval of any such contract or transaction.

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## **CORPORATE TRANSACTIONS**

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### **ACQUISITION AND DISPOSITION OF ASSETS**

The Company conducts acquisitions and dispositions in the ordinary course of its business. Certain strategic and material acquisitions and dispositions are described in this AIF under the heading “*The Company – Three Year History*”.

At any point in time, Dundee may be involved in various stages of discussions and/or negotiations to complete one or more transactions including acquisitions or dispositions directly or through its wholly or partially-owned subsidiaries which carry on certain of the Company’s activities and investments. These prospective transactions may be with respect to companies operating within existing businesses or business channels not yet identified or pursued by Dundee. In respect of any potential acquisition, the purchase price may be paid in cash, through the issue of securities of the Company or of a subsidiary of the Company or through a combination thereof and may be financed through debt, equity or internally financed. There can be no assurance that any of the transactions being discussed or negotiated will be completed. The Company may increase or decrease its interest in certain of its holdings, may combine or restructure certain of its holdings into new investment products or new stand-alone entities or may entirely dispose of certain of its holdings in the future. Accordingly, during any period, the market value of the Company’s holdings will vary and the amounts that are recorded as investment gains and losses may fluctuate significantly.

For additional information relating to the Company’s business, please see the Company’s 2017 MD&A dated December 31, 2017 which is available under the Company’s profile on SEDAR at [www.sedar.com](http://www.sedar.com).

### **FINANCINGS**

The Company may seek additional financing with one or more financial institutions or in the capital markets from time to time. The Company did not complete any public financings in 2017.

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## **RISK FACTORS**

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The following risk factors relating to Dundee are most likely to influence an investor’s decision to buy, sell or hold securities of the Company.

## **Capital Requirements**

The Company, its subsidiaries and/or issuers in which we invest (“Investees”) may be required to raise additional debt or equity funds through public or private financing, strategic relationships or other arrangements for a variety of purposes, including business acquisitions, to capitalize on unanticipated opportunities, as well as to respond to competitive pressures. Additional equity funding in investee companies may reduce the percentage ownership interest of the Company in such investee companies and may cause the Company to lose its majority or significant influence stake. The issuance of Company equity may reduce the percentage ownership of the existing shareholders of the Company and may dilute net book value per share. It is also possible that any such equity funding may involve securities which have rights or privileges senior to those of existing shareholders or that any debt financing, if available, may involve restrictive covenants with less desirable terms or maturities which could decrease future profitability and financial flexibility. There can be no assurance that such additional funding or re-financing, if needed, will be available on economic terms, or at all. These developments may also impair the Company’s ability to renew its current credit facility on favourable terms, resulting in increased costs to the Company.

## **Compliance with Debt Covenants**

The Company and its subsidiaries’ current credit facilities contain restrictive covenants that may limit the discretion of the Company with respect to certain business matters. These covenants place restrictions on, among other things, the ability of the Company and/or certain of its subsidiaries to create liens or other encumbrances, to make certain other payments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, these credit facilities may contain a number of financial covenants that require the Company or its subsidiaries to meet certain ratios and financial condition tests. A failure to comply with the obligations in the Company’s credit facility could result in a default which, if not cured or waived, could result in an acceleration of the relevant indebtedness and/or a failure to meet certain ratios or financial conditions may limit the Company’s ability to borrow under the credit facility.

## **Illiquidity of Investments**

Certain of the Company’s investments are illiquid, including those involving real estate, private company securities and thinly traded public company securities. Such illiquidity will tend to limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. It may be difficult at times to dispose of certain investments. In certain circumstances, it may be necessary for us to dispose of investments at lower prices in order to generate sufficient cash for operations on a timely basis. Additionally, financial or operating difficulties of other owners resulting in distress sales could depress asset values in the markets in which we operate in times of illiquidity. These conditions could reduce our ability to respond to changes in the performance of illiquid investments and accordingly, could adversely affect our financial condition and results of operations.

## **Concentration Risk**

Concentration risk is the risk that any single or group of exposures will have the potential to produce losses large enough to materially affect the company as a whole or which threaten the ability of an entity to continue as a going concern. The Company’s portfolio of proprietary positions is concentrated and certain individual positions may be substantial. By concentrating investments on fewer industries or issuers, there may be increased volatility in the value of the Company’s securities.

## **Investee Company Risk Management**

Given the diversified and decentralized nature of the Company's operations, the Company seeks to ensure that risk is managed as close to its sources as possible, and by management teams that have the most knowledge and expertise in the business or risk area. As such, business specific risks are generally managed at the Investee level, as the risks vary based on the unique business and operations characteristics. The specific manner and methodologies by which risks are addressed and mitigated vary based upon, among other things, the nature of the risks and of the assets and operations to which they apply, the geographic location of the assets, the economic, political and regulatory environment, and the Company's assessment of the benefits to be derived from such mitigation strategies. There can be no assurance that the management teams of Investee companies will manage risks effectively, and the business, financial condition and operating results of the Company may be adversely affected if risk is not properly managed by its Investee companies.

## **Credit Risk**

The Company is exposed to the risk that third parties owing cash, securities or other assets to the Company, may not fulfill their obligations, due to lack of liquidity, bankruptcy, operational failure or other causes. These parties include Investees, trading counterparties, clearing agents, exchanges, clearing houses and other financial intermediaries. While credit exposure to specific clients, counterparties and other debtors is reviewed in the normal course, default risk may arise from events or circumstances that are otherwise difficult to detect.

## **Litigation Risk**

The Company, its subsidiaries and Investees, and/or their respective directors and officers may be subject to a variety of civil or other legal proceedings, with or without merit. Defence and settlement costs of legal claims can be substantial, even with respect to claims that are without merit. Management of the Company is committed to conducting its business in an ethical and responsible manner which it believes will reduce the risk of conflict and legal disputes with third parties. However, if the Company is unable to resolve any potential future legal disputes favourably, it could have an adverse impact on the Company's business, financial condition and the results of operations.

## **Reputational Risk**

Reputational risk is the potential that adverse publicity, whether true or not, will or may cause a decline in earnings, liquidity, share price or client base due to its impact on the Company's corporate image. Reputational risk is inherent in virtually all of our business transactions, even when the transaction is fully compliant with legal and regulatory requirements. Reputational risk cannot be managed in isolation, as it often arises as a result of operational, regulatory and other risks inherent to our business. For these reasons, our framework for reputational risk management is integrated into all other areas of risk management and is a key component of the codes of business conduct and ethics of which our employees are expected to observe. We place a high emphasis on safeguarding our reputation, as once compromised, it can be difficult to restore.

## **Regulatory Risk for Asset Managers**

The regulatory operating environment for asset management and financial services operations in Canada continues to expand, becoming more extensive, onerous and complex. The Company supports regulatory changes that enhance the integrity and reputation of the industry and that protect the interests of its client base. Legal and compliance personnel participate in the development of new

legislation and regulations. New regulatory requirements, however, may involve changes to the way the Company currently conducts business or may increase the cost and associated profitability of its business. Laws and regulations applied at the national and provincial levels generally grant governmental agencies and self-regulatory bodies broad administrative discretion over the activities of certain of the Company's subsidiaries, including the power to limit or restrict such business activities. Possible sanctions include the revocation or imposition of conditions on licenses or registrations to operate certain businesses, the suspension or expulsion from a particular market of any of the Company's business segments or their key personnel, and the imposition of fines. There is also the potential that the laws or regulations governing the Company's operations or particular investment products or services could be amended or interpreted in a manner that is adverse to its business activities. The Company believes that its ability to comply with all applicable laws and regulations, including emerging changes, is dependent upon the establishment, implementation and maintenance of extensive compliance policies and procedures. Regardless of its effectiveness in monitoring and administering established compliance policies and procedures, the Company, and any of its directors, officers, employees and agents, may be subject to liability or fines that may limit our ability to conduct business and/or heightens the risk of legal action. The Company maintains insurance to cover certain potential risks and continuously evaluates the adequacy of this coverage.

### **Foreign Country Risk**

The Company, its subsidiaries and its Investees have or may establish foreign operations, including in Europe, Africa, Asia and the Middle East. International operations are subject to certain risks inherent in doing business abroad, including:

- political and economic instability;
- war, terrorism, civil unrest, and expropriation;
- legal, regulatory and tax risks;
- currency exchange rates and currency controls;
- insufficient infrastructure;
- restrictions on foreign investment; and
- increases in working capital requirements related to foreign operations.

The likelihood and potential effects on the Company and/ or its subsidiaries and Investees varies from country to country and is unpredictable; however, any such occurrences could have an adverse effect on our profitability. Operating in foreign jurisdictions may also necessitate capital expenditures being denominated in several different currencies, while the Company is reporting in Canadian dollars. Fluctuations in the rates of exchange may affect the ability of investee companies to carry out their exploration and development programs. Future development costs may be higher than currently envisioned due to unforeseen events such as currency fluctuations.

### **Exposure to Fluctuations in Value of Equity Interests**

The Company may hold proprietary positions in various entities, and the value of these holdings will be subject to market conditions, movements in stock prices and other conditions beyond the control of the Company.

## **The Resources Industry**

The resources industry is highly competitive and involves a number of risks. Revenues and profits depend on market prices for resource commodities, which can fluctuate materially. Adverse fluctuations can have a significant negative effect on our revenues and profitability and the revenues and profitability of Investees in the resources sector ("**Resource Investees**"). Resource mining and exploration, and oil and gas exploration and exploitation involve a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding that could result in damage to life or property, environmental damage and possible legal liability. It is also highly capital intensive and the ability to complete a development or exploration project may be dependent on the entity's ability to raise additional capital. Adverse global markets may impact our ability and that of our resource based subsidiaries and equity accounted Resource Investees, to obtain equity or debt financing in the future and, if obtained, on favourable terms. In certain cases, this may be achieved only through joint ventures or other relationships that may reduce the entity's ownership interest in the project. There is no assurance that additional resources or reserves in commercial quantities will be discovered, or that development operations will prove successful.

In addition, many of our equity accounted investments are early stage resource exploration and development issuers that require significant upfront capital to extract resources. They are dependent upon equity markets to fund their activities, and attracting such funding tends to be dependent upon posting positive results from exploration activities. Consequently, our equity investments in such early stage exploration and development issuers are subject to significant uncertainty, market risk and price volatility.

## **Regulatory and Environmental Risks of Resource Investees**

Resource Investees are subject to various federal, provincial and state laws relating to environmental matters. Such laws provide that it could be liable for the costs of removal and remediation of certain hazardous, toxic substances released on or in its properties or disposed of at other locations, as well as potentially significant penalties. The Resource Investees often have insurance and other policies and procedures in place to review and monitor environmental exposure, which may mitigate these risks to an acceptable level. Some of the properties owned by the Resource Investees may currently have or have had tenants that use hazardous substances or create waste. Such uses can potentially create environmental liabilities. Certain issues have been identified through site assessments, including the need to remediate or otherwise address certain contaminations. These issues are carefully managed, with the involvement of professional consultants. Where circumstances warrant, designated substance surveys and/or environmental assessments are conducted. Although environmental assessments provide some assurance, a Resource Investee may become liable for undetected pollution or other environmental hazards on its properties against which it cannot insure, or against which it may elect not to insure where premium costs are disproportionate to the Resource Investee's perception of relative risk. The Company understands that its Resource Investees do not currently anticipate material expenditures in respect of any required remediation.

## **Resource Company Requirement for Significant Capital Investment**

The future success of Resource Investee issuers in which the Company invests depends upon their ability to find, develop or acquire mineral or oil and natural gas reserves that are economically recoverable. Reserves and production therefrom will generally decline as reserves are depleted, except to the extent that the Resource Investees conduct successful exploration or development activities or acquire additional properties containing reserves, or both. To increase reserves and production, the Resource

Investees may undertake development, exploration and other replacement activities or use third parties to accomplish these activities.

The Resource Investees may not have sufficient resources to undertake exploration, development and production activities or the acquisition of minerals or oil and natural gas reserves. Exploratory projects or other replacement activities, if any, may not result in significant additional reserves. The Resource Investees may require additional financing in order to carry out mineral or oil and natural gas acquisition, exploration and development activities that cannot be satisfied from cash flow from operations. . Failure to obtain such additional financing on a timely basis could cause the Resource Investee to forfeit interests in certain properties, miss certain acquisition opportunities and/or reduce or terminate operations. To the extent that external sources of capital become limited, unavailable, or available only on onerous terms, the Resource Investee's ability to make capital investments and maintain existing assets may be impaired, and its assets, liabilities, business, financial condition and results of operations may be materially and adversely affected as a result. Additionally, there can be no assurance that additional debt or equity financing will be available to meet these requirements on favourable terms or at all.

#### **Uncertainties Associated with Exploration and Development Properties**

The Resource Investees may hold significant amounts of exploration and development property. Development and exploratory drilling and production activities are subject to many risks, including the risk that no commercially productive resources or reserves will be discovered. There can be no assurance that all prospects will be economically viable, that a Resource Investee will not ultimately abandon a particular investment or will recover all or any portion of its investment in such exploration or development property.

Drilling for minerals or oil and natural gas may involve unprofitable efforts. The cost of exploration activities is often uncertain, and many factors can adversely affect the economics of an exploration or development property. Drilling operations may be curtailed, delayed or cancelled as a result of unexpected drilling conditions, equipment failures or accidents, shortages of equipment or personnel, environmental issues and for other reasons.

#### **Resource Exploration and Development Infrastructure Risk**

Resource exploration and production and the sale of such production depends on adequate infrastructure. Reliable roads, bridges, power sources and water supplies are important determinants which affect capital and operating costs. Due to the location of the Resource Investees' properties, there may be limited infrastructure currently available to transport product to market opportunities. Infrastructure projects are dependent on third parties, require significant capital expenditure, and require the transport of materials and personnel to the relevant sites. Any significant delay in the completion of necessary infrastructure projects may have a material adverse impact on the Resource Investees's business, results of operations and financial condition.

#### **Uncertainty of Mineral Resource Estimates and Oil and Gas Reserve Estimates**

There are numerous uncertainties inherent in estimating the quantity and the quality of mineral resources and oil and gas reserves, including many factors beyond the Company's control. The Resource Investees' resources estimates and reserve estimates are derived from the interpretation of data. Such interpretation and estimates of the amounts of resources and reserves are subjective and the results subsequent to the date of any particular estimate may result in substantial revisions to the original interpretation and estimates.

### **Agricultural Investees' Risks Relating to Unpredictable Weather Conditions, Pest Infestations and Diseases**

The occurrence of severe adverse weather conditions and the consequences thereof, especially fires, droughts, floods or frost, is unpredictable and may have a potentially devastating impact on agricultural, aquaculture and livestock production, and may otherwise adversely affect the supply and price of the agricultural commodities that agricultural focused issuers in which the Company invests (“**Agricultural Investees**”) sell and use in their businesses. The effects of severe adverse weather conditions may reduce yields of Agricultural Investees’ products or require such companies to increase their level of investment to maintain yields. There is no assurance that financing would be available to such Agricultural Investees to make such investments.

The occurrence and effects of disease can be unpredictable and devastating to agricultural, livestock and aquaculture products, potentially rendering all or a substantial portion of the affected harvests unsuitable for sale. A significant outbreak may adversely impact the livestock for a number of seasons, impacting the growth trajectory of certain Agricultural Investees. Although some diseases are treatable, the cost of treatment may be high, and such events could adversely affect Agricultural Investees’ operating results and financial condition. Furthermore, if Agricultural Investees fail to control a given disease and its production is threatened, it may be unable to supply its customers.

### **Agricultural Investees' Risks of Product Contamination**

If Agricultural Investees’ products become contaminated, they may be subject to product liability claims, product recalls and restrictions on exports that would adversely affect their businesses. The sale of food products for human consumption involves the risk of injury to consumers. These injuries may result from tampering by third parties, product contamination or spoilage resulting in the presence of bacteria, pathogens, foreign objects, substances, chemicals, other agents, or residues introduced to the product.

Consumption of Agricultural Investees’ products could cause a health-related illness in the future and such companies could become subject to claims or lawsuits relating to such matters. Even if a product liability claim is unsuccessful or is not fully pursued, the negative publicity surrounding any assertion that Agricultural Investees’ products caused illness or injury could adversely affect its reputation with existing and potential customers and its corporate and brand image, and such companies may incur significant legal expenses.

### **Operational Risk**

Operational risk is generally regarded as the risk of loss resulting from insufficient or failed internal processes, people and systems or external events. Operational risk is inherent in the activities of financial institutions, and includes incorrect or unauthorized trade execution, failed settlement and transaction processing, documentation errors, fiduciary breaches, improper disclosures involving securities and wealth management activities, theft and fraud. The impact of any of these can result in significant financial loss, reputational harm, and regulatory censure and penalties. While operational risks cannot be eliminated, they can be managed with proper internal control processes and procedures and the deployment of qualified personnel. The Company has established a framework for operational risk management that includes procedures and control measures, the deployment of qualified and competent compliance and audit personnel, a process for regular review of controls by senior management and the use of external insurance coverage where appropriate.

### **Technology Development**

Inherent in the commercialization of the processes being developed by our subsidiary, Dundee Dundee

Technologies is significant technology development risk, each of which may require significant additional development, testing and investment prior to final commercialization. There can be no assurance that such technologies will be successfully developed, or that output from any use of Dundee Technologies' processes could be produced at a commercial level at reasonable costs, or that such processes could be successfully marketed.

### **Competition**

The Company operates in a highly competitive environment that includes other asset managers such as banks, investment fund companies, pension funds and private equity firms, some of which have greater financial or other resources than the Company. Competition is based on a wide range of factors including brand recognition, investment performance, the types of products offered by the competitor, business reputation, financial strength, continuity of institutional, management and sales relationships and quality of service. There may be competitive pressures from time to time to lower the fees that are charged for the Company's investment products and services. Changes to management fees and performance rates, will affect the operating results. There can be no assurance that the Company will maintain its current standing in the market or its current market share, and the business, financial condition and operating results of the Company may be adversely affected should circumstances change.

The resources industry is competitive in all its phases. The Company's Resource Investees compete with numerous other participants when seeking to acquire mining and oil and natural gas properties and in the marketing of the resulting products. A Resource Investee's ability to increase reserves in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of resource products include price and methods of reliability of delivery. Competition in the resources industry includes companies which have greater financial resources, staff and facilities than those of the Company's Resource Investees.

### **Controlling Shareholder Risk**

The Company's business and affairs are controlled by Mr. Ned Goodman, who directly or indirectly, owns shares representing approximately 99% of the votes attached to the Class B Common Shares and approximately 85% of the votes attached to all of the Company's shares in aggregate. Accordingly, Mr. Goodman may be able to control the board of directors or to cause or prevent a change of control of the Company. Under Canadian law, an offer to purchase the Common Shares, depending on the offered price, would not necessarily result in an offer to purchase the Subordinate Voting Shares.

### **Insurance**

Regardless of our effectiveness in monitoring and administering established compliance policies and procedures, the Company, and any of its directors, officers, employees and agents, may be subject to liability or fines which may limit the ability of each to conduct business. We maintain various types of insurance to cover certain potential risks and continuously evaluate the adequacy of this coverage. In recent years, the cost of obtaining insurance has increased significantly. There can be no assurance that certain insurance coverage will be obtainable on economic terms in the future.

The Company's Resource Investees are subject to all the risks and hazards typically associated with resource operations, including hazards such as fire, explosion, blowouts, cratering and oil spills, each of which could result in substantial damage to production facilities or other property and the environment, or in personal injury. As is the case with other participants in the resources industry, the Company's

Resource Investees are not fully insured against all of these risks, nor are all such risks insurable. Although the Company's Resource Investees typically maintain liability insurance in an amount which they consider adequate and consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Resource Investee could incur significant costs that may have a material adverse effect upon its financial condition.

### **Political and Regulatory**

Many of our Resource Investees operate in jurisdictions which cause their operations to be subject to business risks inherent in those jurisdictions, in addition to the business risks which are generally characteristic of the resources industry. Varying government policies, receipt and maintenance of necessary permits and title to properties, imposition of special taxes or similar charges by regulatory bodies, foreign exchange rate fluctuations and controls, access to capital markets, civil disturbances, deprivation or unenforceability of contract rights or the taking of property without fair compensation, lack of adequate infrastructure and credit risk may impact these operations. It is important that the entities operating in foreign jurisdictions maintain good relationships with the governments of such jurisdictions. This may not be possible if the government of a country changes.

Certain regions in which our Resource Investees operate have historically been subject to political and economic instability. The increased levels of instability and civil unrest in certain Middle Eastern and North African countries highlights the potential risks associated with the Resource Investees' foreign operations.

### **Environmental, Health and Safety Regulations**

Environmental, health and safety legislation affects nearly all aspects of the Company's and its Resource Investees' operations including mine and oil and natural gas development, worker safety, waste disposal, emission controls and protection of endangered and protected species. Compliance with environmental, health and safety legislation can require significant expenditures and failure to comply with environmental, health and safety legislation may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, clean-up costs arising out of contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from existing operations, but from operations that have been closed or sold to third parties. The companies engaged in resource activities may be required to reclaim properties after extraction is completed and specific requirements vary among jurisdictions. In some cases, financial assurances as security for reclamation costs may be required which may exceed estimates for such costs. The Company and its Resource Investees may also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurances that the Company or its Resource Investees will at all times be in compliance with all environmental, health and safety regulations or that the steps to achieve compliance would not have a materially adverse effect on our business.

Environmental, health and safety laws and regulations are evolving in all jurisdictions where the Company operates. The Company is not able to determine the specific impact that future changes in environmental, health and safety laws and regulations may have on our resource operations and activities, and our resulting financial position; however, we anticipate that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent environmental, health and safety regulations. For example, emissions standards are expected to become increasingly stringent as are laws relating to the use and production of regulated chemical substances. Further changes in environmental, health and safety laws, new information on existing environmental, health and safety conditions or other events, including legal proceedings based upon

such conditions or an inability to obtain necessary permits, could require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on the Company's Resource Investees.

### **Commodity Prices**

The Company's revenues, profitability and growth will depend substantially on prevailing commodity prices, which can be volatile and subject to fluctuation. Changes in commodity prices will directly affect the Company's expected revenues and net income. Factors affecting the market price of commodities include, but are not limited to:

- changes in global and regional supply and demand and expectations regarding future supply and demand;
- the condition of the world economy and geopolitical events;
- the worldwide military and political environment and uncertainty or instability resulting from the escalation or outbreak of armed hostilities or acts of terrorism in oil producing countries;
- other actions taken by major commodity producing or consuming countries or companies;
- governmental regulations and actions, including export restrictions, price regulation and taxes;
- the development, availability, price and acceptance of alternative fuels; and
- weather conditions and natural disasters in producing regions.

### **Skilled Labour, Key Personnel, and Reliance on Operators**

The Company's business involves risks regarding labour and employment matters. To the extent that the Company is not the operator in its projects, the Company will be dependent on such operator for the timing of activities related to such projects and will largely be unable to direct or control the activities of the operator. The Company's success will therefore be dependent, in part, upon the performance of its joint venture partners, key managers, service providers and consultants. If such companies are unable to hire and retain sufficient skilled employees, the ability to operate optimally will be impaired. As a consequence of the Company's dependence on the services of senior management and a small number of highly skilled and experienced executives and personnel, the loss of such key personnel could have a material adverse effect on the Company's operations. Accordingly, the recruitment and retention of competent personnel and continuous training and transfer of knowledge are key activities that are essential to the Company and its subsidiaries' performance. Adverse changes in the scheme of labour relations which may be introduced by governmental authorities may also have a material effect on the business, results of operations and financial condition.

### **Regulatory Capital Requirements**

The Company's wealth management subsidiaries operate in regulated environments and are subject to minimum regulatory capital requirements. Accordingly, they may be required to keep sufficient cash and other liquid assets on hand to maintain capital requirements. Although each regulated entity currently has sufficient capital, growth of the business may necessitate additional capital requirements and the failure to maintain required regulatory capital may subject the relevant registrant to fines, suspension or revocation of registration or could prohibit the Company from expanding. In certain instances, regulatory capital requirements may increase due to a change in the market value of securities held, some of which are beyond our control. The Company monitors the level of regulatory capital required in each of its business units on an ongoing basis to ensure minimum requirements are

met.

### **Market Influences and Current Financial Conditions**

Negativity in domestic and international capital markets may create challenges for the Company's asset management subsidiaries. The volatility of capital markets is beyond the control of the Company and its subsidiaries, but may impact the Company's overall profitability. Revenues from the Company's asset management segment are based on the market values of assets under management generally determined using trading values of underlying securities in global markets. Any decline in the financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance and may adversely affect assets under management and assets under administration, fees and/or revenues and the market value of proprietary holds, which would reduce cash flow to the Company. The state of the capital markets in general and the unpredictability of the global economy may also affect clients' willingness to actively trade in capital markets, impacting commission and trading revenues.

### **Market Risk in Trading Activities and Investments**

Market risk is the potential for loss from an adverse movement in the value of a financial instrument. The Company incurs market risks in its trading positions, underwriting activities and in its portfolio of investment securities. DSL may engage in various capital markets activities that are very sensitive to price fluctuations. These include active positioning of trading securities in anticipation of price movements and commitments to underwrite the issuance of securities. The Company's portfolio of corporate investments is also exposed to market risk from fluctuations in fair values.

The Company and designated affiliates manage market risk as part of their risk management framework, which comprises various controls and procedures to ensure that the risk exposures are monitored closely and that positions taken are duly authorized. These procedures and controls include:

- procedures for the mark to market valuation of positions to measure risk exposure, including procedures to assess market prices of positions which are not actively traded;
- setting of trading exposure limits and loss limits at DSL in compliance with its approved trading strategies, taking into account its trading experience, market volatility, the liquidity of the position, interest rates and its tolerance for market risk;
- processes in place at GCIC to ensure that risks affecting GCIC's business are promptly identified, that the impact of each such risk is analyzed, and that the appropriate controls are put in place to manage and monitor the risks, and
- procedures to identify significant market risk concentration and risk exposure and to escalate the reporting of these risk positions to senior management and risk personnel for monitoring.

There can be no assurance that these controls and procedures will be effective or sufficient to manage or mitigate these market risks.

### **Volatility of Stock Price**

The market price of the Company's shares has been, and may in the future be, subject to significant fluctuation in response to numerous factors, including variations in the annual or quarterly financial results of its subsidiaries or their competitors, the timing of announcements of acquisitions by its subsidiaries or their competitors, conditions in the economy in general or in the financial services, real estate, or resources sectors in particular, changes in applicable laws and regulations, rumours and

speculation, and other factors. Moreover, from time to time, the stock market experiences significant price and volume volatility that may affect the market price of the Company's shares for reasons unrelated to the performance of the Company or its subsidiaries. No prediction can be made as to the effect, if any, that future sales of shares or the availability of shares for future sale (including shares issued under share based compensation arrangements) will have on the market price of the shares existing from time to time. Sales of substantial quantities of such shares or the perception that such sales could occur, could adversely affect the price of the shares.

### **Taxation**

The Company may be subject to taxation in the jurisdictions in which it operates. Any changes in tax legislation and practice in these jurisdictions could adversely affect the Company.

### **Potential Conflicts of Interest**

Certain of the directors or officers of the Company and its subsidiaries may also be directors or officers of companies that are in competition with the interests of the Company. No assurances can be given that opportunities identified by such board members will be provided to the Company.

### **Business Infrastructure and Information Systems**

The Company and its business units rely on third-party service providers for key components of their respective business infrastructure, including the brokerage accounting system in its investment dealer operations, the unit holder and fund accounting systems in its wealth management business, as well as critical data connections for trade execution and business communications. A failure of any key component of its infrastructure could result in significant disruptions to the business and could have a materially adverse effect on results of operations. While the Company has addressed this risk by instituting various procedures and plans for business continuity and redundancy, there can be no assurance that material disruptions can be averted in the event of a failure of a key component.

The Company depends on a variety of information systems to operate effectively. A failure of any one of the information systems or a failure among the systems could result in operational difficulties, damage or loss of data, productivity losses or result in unauthorized knowledge and use of information.

### **Cybersecurity Risk**

The information and technology systems of the Company and its service providers may be vulnerable to cybersecurity risks such as potential damage or interruption from computer viruses, network failures, computer and telecommunications failures, infiltration by unauthorized persons (e.g. through hacking or malicious software) and general security breaches. A cybersecurity incident is an adverse intentional or unintentional action or event that threatens the integrity, confidentiality or availability of the Company's information resources.

A cybersecurity incident may disrupt the business operations or result in theft of confidential or sensitive information, including personal information, or may cause system failures, disrupt business operations or require the Company or a service provider to make a significant investment to fix, replace or remedy the effects of such incident. Furthermore, a cybersecurity incident could cause disruptions and negatively impact the Company's business operations, potentially resulting in financial losses to the Company and shareholders. There is no guarantee that the Company will not suffer material losses as a result of cybersecurity incidents. If they occur, such losses could materially adversely impact the Company.

## **Risks of Underwriting Activities**

The underwriting business involves both economic and regulatory risks. Underwriting activities may decline for a number of reasons, impacting our revenues. An underwriter may incur losses if it is unable to resell the securities it is committed to purchase or if it is forced to liquidate its commitment at less than the agreed purchase price. We may also be subject to liability for material misstatements or omissions in prospectuses and other communications with respect to underwritten offerings and may be exposed to claims and litigation arising from such offerings.

## **Other**

The Company cautions that the preceding discussion of factors that may affect future results is not exhaustive. The Company's performance may also be affected by other specific risks that may be highlighted from time to time in public filings of the Company or its subsidiaries which may be available on the Canadian Securities Administrators' website at [www.sedar.com](http://www.sedar.com). Investors and others should carefully consider these factors, as well as other uncertainties, assumptions and industry and company specific factors that may adversely affect future results. The Company assumes no obligation, except as required by law, to update or revise its risk disclosure to reflect new events or circumstances.

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## **MATERIAL CONTRACTS**

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Other than contracts eligible for the ordinary course of business filing exemption, the only material contracts entered into by the Company in the fiscal year ended December 31, 2017 which remain in effect are as follows: (i) the Arrangement Agreement, dated April 12, 2013, as amended, among Dundee Corporation, DREAM Limited, Dundee Realty Corporation and Sweet Dream Corp. providing for, among other things, the terms of the DREAM Arrangement, the conditions to the completion of the DREAM Arrangement, actions to be taken prior to and after the effective date of the DREAM Arrangement and certain indemnities; and (ii) the Warrant Indenture dated February 12, 2016 with Computershare Trust Company of Canada in connection with the completion of the share exchange transaction pursuant to which each First Preference Share, Series 4 of the Company was exchanged for: (i) 0.7136 of a First Preference Share, Series 5 of the Company; and (ii) 0.25 of a Class A subordinate voting share purchase warrant pursuant to a plan of arrangement under section 182 of the *Business Corporations Act* (Ontario).

Copies of the above material contracts are available for inspection on SEDAR at [www.sedar.com](http://www.sedar.com).

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## **TRANSFER AGENT AND REGISTRAR**

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The Company's registrar and transfer agent is Computershare Investor Services Inc., located at 100 University Avenue, 8<sup>th</sup> Floor, Toronto, Ontario, M5J 2Y1, Canada.

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## **EXPERTS**

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The financial statements for the financial year ended December 31, 2017, have been audited by PricewaterhouseCoopers LLP, the Company's auditors who are independent in accordance with the auditors' rules of professional conduct in Canada.

## AUDIT COMMITTEE

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### COMPOSITION OF AUDIT COMMITTEE

As at March 28, 2018, the audit committee of the directors of the Company (the “**Audit Committee**”) was composed of the following persons:

K. Barry Sparks (Chairman)  
Garth A. C MacRae  
Murray Sinclair

The directors of the Company have determined that each of the members of the Audit Committee is independent and financially literate within the meaning of Multilateral Instrument 52-110 Audit Committees. Financial literacy is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company’s financial statements.

### RELEVANT EDUCATION AND EXPERIENCE OF AUDIT COMMITTEE MEMBERS

The education and experience of each Audit Committee member that is relevant to such member’s responsibilities as a member of the Audit Committee are set out below:

K. Barry Sparks

Mr. K. Barry Sparks, B. Comm., FICB, has served as a director of the Company since April 1993 and as Chairman of the Audit Committee since 1998. Mr. Sparks commenced his career in corporate finance with the Royal Bank of Canada where he served until 1984, leaving as Vice President, Government and Business, Ontario. Since then he has provided corporate advice and management services through several companies. Mr. Sparks is President of Torvan Capital Group which, during 2005, became a division of Ashley Park Enterprises Inc. Mr. Sparks is the Chief Executive Officer and a director of Namsys Inc., a director of Metalo Manufacturing Inc., and was the Chief Financial Officer of a private Canadian operating corporation for over 20 years until its sale in 2014.

Garth A. C. MacRae

Mr. Garth A. C. MacRae, Chartered Accountant, has served as a director of the Company since its inception in October 1991 and served as Vice Chairman from June 1993 until March 2004. Mr. MacRae has over 20 years of public accounting experience and has held executive positions with Hudson Bay Mining, Brinco Limited and Denison Mines Limited. Mr. MacRae is currently a director of Dundee Energy Limited, GeneNews Limited, and Uranium Participation Corporation.

Murray Sinclair

With 30 years of business experience, Murray Sinclair has extensive knowledge in the areas of asset backed lending, corporate restructuring, natural resources and real estate. Since December 2013, Mr. Sinclair has served as the Chief Investment Officer for Earlston Investments Corp., a private investment company. Mr. Sinclair was a founder and, prior to it being taken private, the Chairman of Sprott Resource Lending Corp., a TSX Exchange and NYSE-MKT listed resource lending corporation. From 2003 – 2013, Mr. Sinclair also held various senior management positions with Quest Capital Corp. the predecessor Company to Sprott Resource Lending Corp. Mr. Sinclair holds a Bachelor of Commerce degree from Queen’s University.

## AUDIT COMMITTEE CHARTER

The responsibilities and duties of the Audit Committee are set out in the Audit Committee's charter, the full text of which is attached as Schedule "A" hereto.

## PRE-APPROVAL POLICY

The Company has approved a formal policy which provides for the pre-approval by the Audit Committee or one of its members of all permitted non-audit services to be performed by the external auditor of the Company. Requests for pre-approval for permitted non-audit services are considered by the Audit Committee at its regularly scheduled meetings and by the Chairman of the Audit Committee between Audit Committee meetings, in which case, such matters are subsequently reported thereon at the next scheduled Audit Committee meeting. Since the implementation of this policy, all permitted non-audit services have been pre-approved in accordance with the provisions of the policy.

## EXTERNAL AUDITOR SERVICE FEES

During 2017 and 2016, the Company (and its subsidiaries that were audited by the Company's external auditor) paid the following fees to the Company's external auditors, for the following fee categories:

Fee Category	2017 (\$)	2016 (\$)
Audit Fees	1,807,000	1,472,150
Audit-Related Fees	334,547	256,900
Tax Services Fees	95,700	152,300
Other Fees	0	0
<b>TOTAL</b>	<b>2,237,247</b>	<b>1,881,350</b>

### Audit Fees

Audit fees include all fees paid to the Company's external auditor for the audit of the Company's consolidated financial statements and other required statutory/regulatory audits and filings of the Company and certain of its subsidiaries.

### Audit-Related Fees

Audit-related fees include all fees paid to the Company's external auditor for audit-related services including the review of the Company's interim financial statements, preparation and/or review of certain filings with Canadian securities regulators, including comfort and consent letters, and accounting consultations on matters addressed during the audit and interim reviews.

### Tax Services Fees

Tax services fees include all fees paid to the Company's external auditor for tax-related advice including tax return preparation and/or review and tax planning advice.

### **Other Fees**

Other fees include fees for products and services provided by the Company's auditors other than the services included in "Audit Fees", "Audit-Related Fees" and "Tax Services Fees".

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## **ADDITIONAL INFORMATION**

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Additional information with respect to the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's management information circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Company's audited consolidated comparative financial statements and notes to the audited consolidated financial statements and the Company's 2017 MD&A. Additional information relating to the Company has been filed with the securities regulators in Canada and may be accessed on SEDAR at [www.sedar.com](http://www.sedar.com).

## SCHEDULE "A"

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### AUDIT COMMITTEE CHARTER

#### Organization

This Charter governs the operations of the Audit Committee. The Board of Directors shall appoint an Audit Committee (the "**Committee**") of at least three members, consisting entirely of independent directors of the Board, and shall designate one member as chairperson or delegate the authority to designate a chairperson to the Committee. For purposes hereof, members shall be considered independent as long as they satisfy all of the independence requirements for Board Members as set forth in the applicable stock exchange listing and securities commission standards.

Each member of the Committee shall be financially literate, or become financially literate within a reasonable period of time.

The Committee shall meet at least quarterly in addition to a meeting for audit planning purposes. The Committee shall meet separately and periodically with management, internal audit and with the independent auditors. The Committee shall report regularly to the Board of Directors with respect to its activities.

#### Purpose

The purpose of the Committee shall be to:

- Provide assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; and (iii) the independent auditors' qualifications and independence;
- Provide the Audit Committee report that Canadian securities laws require to be included in the Company's annual information form.

The Committee shall retain and compensate such outside legal, accounting, or other advisors, as it considers necessary in discharging its oversight role.

In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, internal audit and management of the Company, and to determine that all parties are aware of their responsibilities.

#### Duties and Responsibilities

The Committee has the responsibilities and powers set forth in this Charter. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company and for implementing and maintaining internal control over financial reporting. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements. The Company's internal auditor will report to the Chief Financial Officer on a day to day basis but will also have a direct reporting line to the Chair of the Committee. The Committee shall approve the internal auditor's mandate which shall be reviewed annually.

The Company believes that, in carrying out the Committee's responsibilities, its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee

will take appropriate actions to set the overall corporate “tone” for quality financial reporting and ethical behaviour.

The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

- The Committee shall be responsible to advise the Board, for the Board’s recommendation to shareholders, in respect of the appointment, compensation and retention of the independent auditors.
- The Committee shall be directly responsible for the oversight of the work of the independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the listed issuer, and the independent auditors must report directly to the Committee.
- At least annually, the Committee shall obtain and review a report by the independent auditors describing: (i) the firm’s internal quality control processes; (ii) sanctions made by any government or professional authorities, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors and the Company (to assess the auditors’ independence).
- After reviewing the foregoing report and the independent auditors’ work throughout the year, and after receiving written confirmation from the auditors declaring their independence, the Committee shall evaluate the auditors’ qualifications, performance and independence. Such evaluation shall include the review and evaluation of the lead partner of the independent auditors and take into account the opinions of management and the Company’s personnel responsible for the internal audit function.
- The Committee shall determine that the independent audit firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under Canadian independence standards.
- The Committee shall pre-approve all audit and non-audit services provided by the independent auditors and shall only engage the independent auditors to perform non-audit services permitted by law or regulation. The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting.
- The Committee shall discuss with the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation.
- The Committee shall regularly review with the independent auditors any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the independent auditors’ activities or access to requested information, and management’s response. The Committee shall review any accounting adjustments that were noted or proposed by the auditors but were “passed” (as immaterial or otherwise); any communications between the audit team and the audit firm’s national office relating to problems or difficulties encountered with respect to significant auditing or accounting issues; and any “management” or “internal control” letter issued, or proposed to be issued, by the audit firm to the Company.

- The Committee shall review and approve the quarterly financial statements, for submission to the Board of Directors, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior to the filing of the Company's Quarterly Report. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally accepted auditing standards. The Committee shall discuss and review with management the quarterly certification process.
- The Committee shall review and recommend approval of the annual audited financial statements, to the Board of Directors, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior to the filing of the Company's financial statements and Management's Discussion and Analysis. The Committee's review of the financial statements shall include: (i) major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any specific remedial actions adopted in light of material control deficiencies; (ii) discussions with management and the independent auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments; (iii) consideration of the effect of regulatory accounting initiatives, as well as off-balance sheet structures on the financial statements; (iv) consideration of the judgment of both management and the independent auditors about the quality of accounting principles; and (v) the clarity of the disclosures in the financial statements. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under professional standards. The Committee shall discuss and review with management the annual certification process.
- The Committee shall receive and review a report from the independent auditors, prior to the filing of the Company's Annual Report, on all critical accounting policies and practices of the Company; all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditors; and other material written communications between the independent auditors and management.
- The Committee shall review and approve all related party transactions not in the ordinary course of business in the absence of a special committee of the Board of Directors designated for such function.
- The Committee shall review earnings press releases for recommendation to the Board.
- The Committee shall discuss with management, internal audit and the independent auditors the adequacy and effectiveness of internal control over financial reporting, including any significant deficiencies or material weaknesses identified by internal audit and management of the Company in respect of Canadian securities law requirements, including any proposed securities laws.
- The Committee shall review with management the Company's compliance systems with respect to legal and regulatory requirements.

- The Committee shall review periodically with management and internal audit the risk of fraud with respect to the organization and the controls in place to manage those risks.
- The Committee shall ensure that the Company establish appropriate policies and procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters.
- The Committee shall ensure that the Company has in effect clear hiring policies for employees or former employees of the independent auditors that meet Canadian independence standards and stock exchange listing standards.
- The Committee shall, with the assistance of management, determine the appropriate funding needed by the Committee for payment of: (1) compensation to the independent audit firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the Company; (2) compensation to any advisers employed by the Committee; and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties.
- To the extent the Company maintains an internal audit function, the Committee shall meet with the internal auditor(s), discuss the overall scope and plans for the internal audit function, including approval of its mandate on an annual basis, and discuss the adequacy and effectiveness of internal control with the internal auditor(s).
- The Committee shall ensure that the policies established pursuant to the Charter are communicated and to the best of its ability shall ensure that they are implemented by the audit committees of subsidiary companies where appropriate and the Committee shall ensure that the necessary follow-up is undertaken with such other audit committees.
- The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively.
- The Committee shall review and reassess the Charter at least annually and obtain the approval of the Board of Directors.