DUNDEE
CORPORATION®

# ANNUAL INFORMATION FORM

## MARCH 31, 2015

## EXPLANATORY NOTES

Unless otherwise indicated, the information appearing in this annual information form ("**AIF**") is stated as of December 31, 2014 and all amounts are in Canadian dollars.

## FORWARD-LOOKING INFORMATION

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 2015 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 and meet financial obligations; the performance of the Company's principal subsidiaries; the Company's ability to raise additional capital and to create value; risks relating to trading activities and investments; competition faced by the Company; regulation of the Company's businesses; successful integration of the Company with acquired businesses and the realization of any anticipated synergies; risks associated with the Company's operating businesses and the Company's investment holdings in general, including risks associated with oil and gas and mining exploration, development and production activities, environmental risks, inflation, changes in interest rates, commodity prices and other financial exposures; the availability and adequacy of insurance coverage for the 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 31, 2015.

Forward looking statements contained in this AIF are based upon assumptions about the future performance of the Canadian, European and United States economies, which were material factors considered by management when setting Dundee's strategic priorities and objectives. In determining expectations for economic growth in the financial services, energy, resource, agriculture and real estate sectors, the Company considered historical economic data provided by the Canadian government and its agencies, and 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

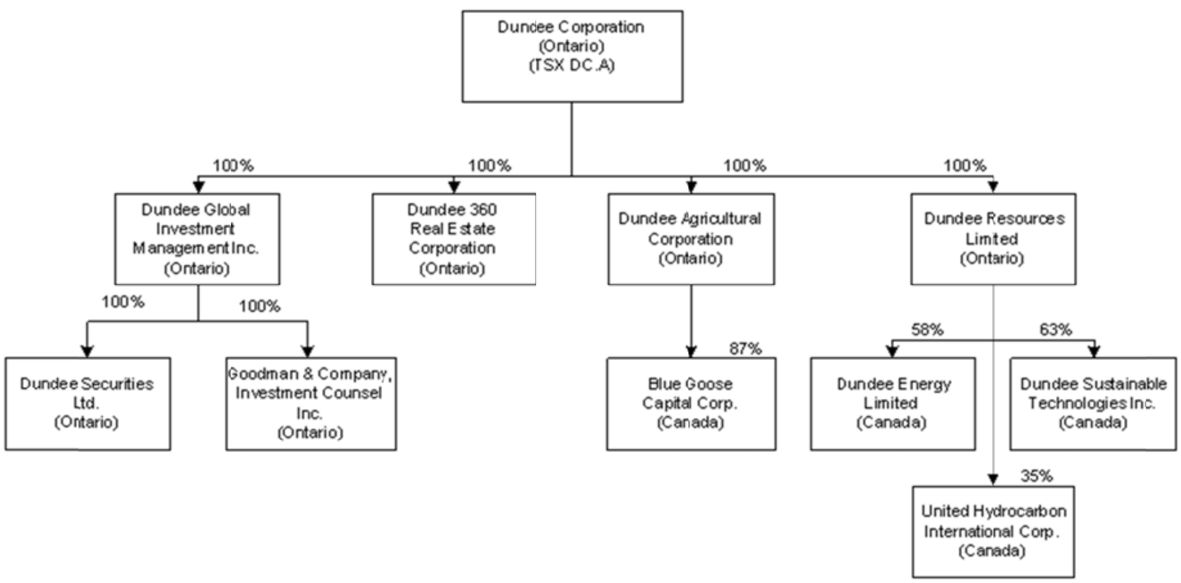
### GENERAL

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. Through its operating subsidiaries, the Company is engaged in diverse business activities in the areas of its core competencies, including investment advisory and corporate finance, real estate, infrastructure, energy, resources, and agriculture. Dundee also owns and manages direct investments in its core focus areas and other select investments, through ownership, directly and indirectly, of both publicly listed and private companies.

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, 2015. The voting interests of Dundee in such subsidiaries reflect both the direct and indirect voting interests of the Company as of February 28, 2015.




### 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. See *"The Company – Three Year History – 2013 Highlights"* and *"Description of Share Capital"* for more information.

## THREE YEAR HISTORY

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

### 2014 Highlights

- Dundee Sustainable Technologies Inc. ("**Dundee Technologies**"), formerly a private company majority owned by the Company, became a reporting issuer following an amalgamation with Creso Exploration Inc. Dundee Technologies is now listed on the Canadian Securities Exchange ("**CSE**") under the symbol "DST". The Company owns an approximate 63% equity interest and an 86% voting interest in Dundee Technologies on an undiluted basis and an approximate 70% equity interest and an 87% voting interest in Dundee Technologies assuming the exercise of the warrants held by the Company. See *"Business of the Company – Subsidiaries – Dundee Resources Limited – Dundee Sustainable Technologies Inc."*.
- The Company converted its $37.5 million participating loan in Edgewater Casino Resort Development, the developer of a boutique casino located in downtown Vancouver, British Columbia, for: (i) 50% of the shares of Paragon Holdings ULC; (ii) 50% of the shares of Edgewater Casino ULC, the general partner of Edgewater Casino LP and the holder of an 86% interest in Edgewater Casino LP; and (iii) a 7% direct interest in Edgewater Casino LP, the operator of the Edgewater Casino (which, on a combined basis, provides the Company, directly and indirectly, with a 50% interest in the operations of the Edgewater Casino). The development, which is expected to open at the end of 2016, will feature two resort hotels, a conference centre, restaurants and retail space and will house the relocated Edgewater Casino. The management, construction and development of the resort complex were contracted to Dundee 360.
- The Company acquired all of the issued and outstanding Class A common shares in the capital of Dundee 360 Real Estate Corporation (formerly 360 VOX Corporation, TSXV:VOX) ("**Dundee 360**") that Dundee and its affiliates did not already own, being 227,704,303 common shares, for consideration consisting of 0.01221 of a Class A subordinate voting share in the capital of Dundee for each common share acquired. As a result of the arrangement, Dundee 360 is now a wholly-owned subsidiary of the Company.
- The Company sold 4,469,000 units of DREAM Office Real Estate Investment Trust and 8,600,000 units of DREAM Global Real Estate Investment Trust, for total gross proceeds of $207,000,000, which were added to the Company's working capital.
- Dundee Corporation and Dundee 360 signed a framework agreement with Gangwon Province to develop the East Coast Free Economic Zone in the Republic of Korea.
- The Company secured a $300 million, three-year revolving term credit facility with a syndicate of Canadian Schedule I Chartered Banks, led by National Bank of Canada as lead arranger and administrative agent.
- Dundee Goodman Private Wealth, a division of Dundee Securities Ltd., acquired from Richardson GMP Limited a group of approximately 60 investment advisors and their related staff. At the time

of acquisition, the portfolios of such investment advisors had a combined value of approximately $2.0 billion.

- The Company acquired a further interest in CNSX Markets Inc., a Canadian private company and the operator of the Canadian Securities Exchange (formerly the Canadian National Stock Exchange).
- The Company restructured its portfolio of investments to consolidate its holdings of investments in the resource sector under its wholly-owned subsidiary, Dundee Resources Limited.
- CMP 2014 Resource Limited Partnership, a flow-through limited partnership managed by Goodman & Company, Investment Counsel Inc. ("**GCIC**"), raised aggregate gross proceeds of approximately $31.9 million.

**2013 Highlights**

- The Company completed a corporate restructuring, through a tax efficient plan of arrangement (the "**DREAM Arrangement**") that effectively distributed the majority of its interest in Dundee Realty Corporation ("**Dundee Realty**") to its shareholders, through the creation of DREAM Unlimited Corp. (TSX:DRM) ("**DREAM**"). The scope of DREAM's business includes residential land development, housing and condominium development, asset management for three TSX-listed funds, investments in Canadian renewable energy infrastructure and commercial property ownership. The Company retained a 29% interest in DREAM under the terms of the DREAM Arrangement, providing it with an effective 20% interest in Dundee Realty. Further information relating to the DREAM Arrangement can be found under the Company's SEDAR profile at *www.sedar.com*.
- The Company made a strategic investment in Union Group International Holdings Limited ("**Union Group**") by acquiring a 25% interest in a rapidly growing Latin American-focused company operating in the agriculture, power generation, minerals, infrastructure & logistics, real estate and oil & gas sectors. Subsequent to December 31, 2013, the Company increased its interest in Union Group to 40%. See *"Business of the Company – Other Strategic Investments – Union Group International Holdings Limited"* for more information.
- The Company entered into certain agreements with Dundee 360 and with Paragon Development Ltd., a leading North American destination resort developer, for the design and development of a $535 million, 675,000 square foot urban resort, adjacent to the B.C. Place Stadium in Vancouver, British Columbia.
- Dundee 360 entered into an urban design and master planning agreement with Beijing Chief Orient Investment Management Co. Ltd. pursuant to which it provides planning services and economic analysis for a new community development in Miyun County, Beijing.
- The Company made a strategic investment in CNSX Markets Inc., operator of CSE and Pure Trading. In conjunction with the investment, Mr. Ned Goodman, Chairman of the Company, joined the CSE board of directors as Deputy Chairman.
- The Company's wholly-owned subsidiary, GCIC, was retained to manage two new investment funds, namely Goodman Eclipse LP and Goodman Bluespring Fund.
- CMP 2013 Resource Limited Partnership, a flow-through limited partnership managed by GCIC, raised aggregate gross proceeds of approximately $65.6 million.
- Through a series of transactions, the Company acquired a significant interest in United Hydrocarbon International Corp. ("**United Hydrocarbon**"), a private Canadian company engaged in oil and gas exploration, development and production activities in the Republic of Chad. The Company's investment in the senior secured convertible debentures, and the granting to the Company of share purchase warrants, provided the Company with the ability to control the business activities of United Hydrocarbon. See *"Business of the Company – Subsidiaries – Dundee Resources Limited – United Hydrocarbon International Corp."* for further information.

### 2012 Highlights

- Dundee 360 acquired a group of real estate businesses in Canada known as Sotheby's International Realty and Blueprint Global Marketing Ltd. This group of real estate businesses is involved in the listing, marketing and selling of condominiums, attached and detached homes, condominium developments and resort properties, both in the residential resale market and stand-alone projects.

## BUSINESS STRATEGY

Since its creation in 1991, Dundee has been a builder of businesses, investing its own capital and that of third parties. Over the past two decades, Dundee has been the founder and initial operator of several companies that have grown to be stand-alone entities worth billions of dollars, including DundeeWealth Inc., Dynamic Mutual Funds, Dundee Realty Corporation, and Dundee Precious Metals Inc. The Company traces its roots back through the career of its founder, Ned Goodman, one of the original partners of Beutel, Goodman & Company Ltd., Investment Counsel, and the subsequent development of the Dynamic Mutual Funds.

During the past fiscal year, all of the non-compete and restrictive covenants relating to investment management that resulted from the Company's sale of DundeeWealth Inc. to The Bank of Nova Scotia in 2011 have expired. In conjunction with this, the Company has implemented succession within its leadership ranks. These leadership changes provided an opportunity to realign the Company's vision and strategic direction, enabling the Company to leverage its global reach and its management expertise in order to strengthen the value of the assets that it manages, as well as to develop and drive new investment opportunities.

In 2014, the Corporation announced that it would align its business activities in two focus areas; asset management and merchant banking. Implementation of these changes began in the latter part of 2014 with the establishment of Dundee Global Investment Management Inc. ("**DGIM**"). The Company expects DGIM to be a profitable, world-class investment platform with a commitment to top quality investments designed to achieve superior long-term, risk adjusted returns. DGIM's primary focus will be to leverage the Dundee name to develop proprietary products with top money managers and domestic and international partners. It is anticipated that throughout 2015, DGIM will design and offer a series of new products to third-party investors. In addition, DGIM will develop a high net worth division with top-performing portfolio managers who excel in meeting the investment needs of high net worth clients.

The Company believes that successful implementation of its vision will require strong alignment between the interests of its shareholders, the clients that it serves, and its management team. To that end, the Company has initiated a review of its compensation structure, with the intent of implementing industry best practices, and to ensure both individual and business success factors converge. The Company values entrepreneurship and intends to create a compensation model that rewards performance, innovation and growth. Central to these changes is the 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.

The Company's ultimate objective is to ensure that its business strategies are successful and contribute to measurable improvements in the trading price for its Subordinate Voting Shares. However, and as reflected in the Company's operating results for 2014, the macro-economics of the financial markets over the past 12 months have proven challenging, especially in the commodities sector in which the Company has historically had significant investment. Nonetheless, the Company remains committed to outperforming the market over time and ensuring long-term value appreciation and preservation; it is equally committed to maintaining a disciplined approach to risk management.

At any 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 subsidiaries. These prospective transactions may be with respect to companies operating within existing businesses or business channels not yet identified or pursued by the Company. 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 generated funds. 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.

# BUSINESS OF THE COMPANY

## GENERAL

Dundee is organized into two main divisions: (1) the wealth management division now operated under the Dundee Global Investment Management banner consisting of the operations of GCIC as well as Dundee Capital Markets ("**DCM**") and Dundee Goodman Private Wealth, divisions of Dundee Securities Ltd. ("**Dundee Securities**" or "**DSL**"), and (2) the merchant banking division which is operated, primarily, through the Company's direct and indirect ownership of publicly listed and private companies, and is focused on resources, real estate, agriculture, food, and infrastructure.

## WEALTH MANAGEMENT DIVISION

The wealth management business of the Company is focused on creating, managing, administering and distributing alternative asset products, and providing management and advisory services and access to capital and innovative research and trading strategies.

### Dundee Global Investment Management Inc.

As described above, the Company reorganized its business to introduce DGIM, a new wholly-owned subsidiary of the Company. DGIM is comprised of three core wealth management centers of expertise: (i) capital markets services, provided through DSL, which provides capital to third-party companies through investment banking, as well as sales, trading, and research services; (ii) financial advisory services, currently offered through Dundee Goodman Private Wealth divisions of Dundee Securities, providing wealth management services to retail clients; and (iii) wealth management services, provided through GCIC, focused on developing a world-class portfolio of exclusive-access alternative investment products through our internal resources and assets, and supported by select partnerships with top domestic and international managers. The Company's strategy for its wealth management division is to build an independent, integrated and diversified financial services firm by recreating the environment that led to the past success of the Company's previously owned subsidiary DundeeWealth Inc., which was sold in February 2011.

*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's strategy is to acquire, develop and manage high quality assets and businesses that demonstrate an opportunity to achieve sustained growth and high returns in core sectors, as well as to increase asset management fee revenue over the long term. The wealth management division also plans to capture new opportunities in wealth management, including exchange-traded funds commonly known as ETFs, and alternative investments.

GCIC is focused on responding to changing investor needs and attitudes, and to this end is developing a suite of alternative investment products and services to complement its existing closed-end investment funds and tax assisted offerings. GCIC's alternative product offering is expected to include, among others, the following investment solutions:

- High net worth and institutional client accounts managed on a segregated, discretionary basis through GCIC.
- Private equity trusts and limited partnerships, vehicles for long term investments in private companies structured to provide enhanced risk adjusted returns to investors.

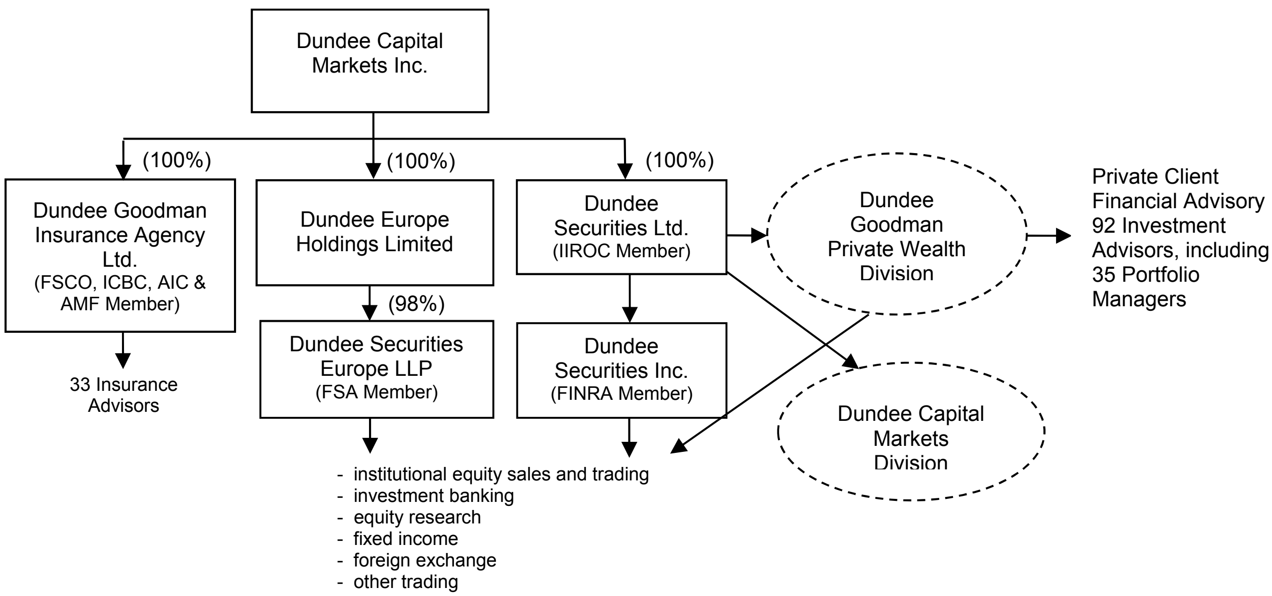
- Exchange traded funds, commonly known as ETFs.
- Tax-assisted investment products which allow investors to participate in tax-assisted investments which facilitate the allocation and utilization of income tax deductible expenses by the investors, including the CMP™ and the Canada Dominion Resources™ limited partnerships which invest in a diversified portfolio of flow-through shares of resource companies.
- Closed-end investment products, the securities of which are traded on an exchange and the portfolios of which are designed to invest in one or more sectors and asset categories.
- Alternative investment products, which are designed to permit investors to diversify in varying investment strategies, such as short-selling, swaps and leveraging, which are not permitted for traditional mutual funds, including privately offered hedge funds.

GCIC has a growing team of portfolio managers and analysts, currently comprised of 7 registered portfolio managers. Additional information on GCIC can be found on its website at *www.goodmanandcompany.com*.

*Dundee Securities Ltd.*

Dundee Securities Ltd. is a full-service securities broker and member of the Investment Industry Regulatory Organization of Canada (“**IIROC**”) with offices in Toronto, Montreal, Vancouver, Calgary, Ottawa, Victoria and London, England. Operations are carried out directly, and through several sister companies including Dundee Securities Europe LLP, a company authorized by the Financial Services Authority in the United Kingdom for the purposes of security brokering and asset management; Dundee Securities Inc., a member of the Financial Industry Regulatory Authorities and registered as a broker dealer with the U.S. Securities Exchange Commission; and Dundee Goodman Insurance Agency Ltd., which is licensed by the Financial Services Commission of Ontario, the British Columbia Insurance Council, the Alberta Insurance Council and the Autorité des Marchés Financiers to carry on business as a life insurance agent (collectively “**DSL Group**”). The DSL Group has expertise in sectors such as mining, energy, real estate, infrastructure & industrials, fertilizers & agriculture, pulp & paper and forestry, special situations, technology & gaming and medical marijuana. As of February 28, 2015, the DSL Group had 325 employees.

The Company's capital markets and private client advisory business is structured as follows:




<u>Capital Markets Division</u>

The capital markets division of DSL, DCM, provides a variety of financial services including investment banking, institutional equity sales and trading, and equity research. In late 2014, Dundee Capital Markets was restructured, and under new leadership, this division anticipates diversifying into new industry sectors such as technology, gaming, industrials and consumer products in order to provide a broader product offering to institutional clients and the retail network.

Activities performed and services provided by DCM include:

- Investment Banking: DCM provides a variety of financial services to corporate clients, including underwriting the sale of securities to the public, private placements of securities and advisory services related to mergers and acquisitions ("**M&A**"), divestitures, reorganizations and restructurings and stock exchange listings. The investment banking group earns revenue from investment banking activities principally through underwriting fees and commissions and M&A advisory fees.
    - Underwriting Business: Through its underwriting business, DCM assists public and private issuers to obtain equity financing by providing them access to the capital markets. Dundee Capital Markets participates in transactions either as an underwriter, where securities are purchased from the issuer and re-sold to investors, or as an agent, where it intermediates the sale between the issuer and investors but generally does not put its own capital at risk.
    - Advisory Services: DCM also provides advisory services to private and public issuers, financial and other investors in connection with a wide variety of transactions, including M&A, reorganizations and restructurings and stock exchange listings. These services, in addition to strategic and general capital markets advice, often include the preparation of professional opinions to be used by the boards of directors of clients.
- Trading Business: DCM earns commissions from institutional clients for acting as agent in executing trades on their behalf. Dundee Capital Markets trading activities are primarily done on an agency basis, but DCM may also take select long or short positions as principal to facilitate the execution of institutional client trading in what is known as liability trading.

- Investment Research: DCM's research group provides innovative research, trading strategies and opportunities within the resources, real estate, infrastructure, diversified industries and special situations sectors to both its institutional clients and Dundee Goodman Private Wealth's private clients. As of February 28, 2015, the research group had a total of 32 professionals providing research coverage on 217 specific companies with a principal focus on its core sectors of mining, energy, real estate, infrastructure & industrials, fertilizers & agriculture, pulp & paper and forestry, special situations, technology & gaming and medical marijuana. Dundee Capital Markets has 4 economists and 1 research professional.

Additional information about Dundee Capital Markets may be accessed at *www.dundeecapitalmarkets.com*.

<u>Retail Division and Other Business Activities</u>

The retail division of Dundee Securities was rebranded as "Dundee Goodman Private Wealth" in late 2014. This division encompasses a sales force of highly qualified financial advisors to support and market both proprietary and third-party financial products, separately managed accounts and new issue syndication. Dundee Goodman Private Wealth also encompasses the business activities conducted through Dundee Goodman Insurance Agency Ltd.

The wealth management products and services offered by Dundee Goodman Private Wealth and Dundee Goodman Insurance Agency Ltd. include: equity securities; fixed income products; closed end investment products; tax assisted investment products; alternative investments; fee based accounts; financial planning; insurance; self-directed registered accounts; margin accounts; discretionary portfolio management, small managed accounts programs and foreign exchange.

In addition, Dundee Goodman Private Wealth offers Dundee Goodman Peak Portfolios, a professionally separately managed accounts ("**SMA**") program. This program gives individual private client investors access to some of North America's top specialized portfolio managers, portfolio managers that have traditionally been only available to institutional, pension funds and high net worth clients. A SMA is a portfolio of actively managed securities that combines the expertise of these portfolio managers with all the transparency and reporting that is expected by today's investor. Our clients' also have access to portfolios that are professionally managed by our own internal portfolio managers within Dundee Capital Markets and/or Dundee Goodman Private Wealth. As of February 28, 2015, Dundee Goodman Private Wealth had 12 independent portfolio managers within the program.

The private client advisory group is focused on portfolio management and investments for clients in equity and debt securities as well as providing a retail distribution pipeline for investment products originated by Dundee Capital Markets' investment banking group. As of February 28, 2015, the private client advisory group had 92 retail investment advisors, 35 of whom are licensed portfolio managers and 33 of whom are licensed insurance advisors.

## MERCHANT BANKING DIVISION

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

- physical assets, primarily resource, real estate, agriculture and infrastructure 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, resource 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 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.

In 2014, the Company restructured its portfolio of investments to consolidate its holdings of investments in the resource sector under Dundee Resources. Information concerning certain strategic and other investments are described below.

*United Hydrocarbon International Corp.*

Through a series of transactions, the Company has acquired 49.9 million common shares, representing 34.54% of the outstanding common shares of United Hydrocarbon International Corp., a private Canadian company engaged in oil and gas exploration, development and production activities in the Republic of Chad. In addition to its investment in shares of United Hydrocarbon, the Company has, through to December 31, 2014, advanced $201.7 million to United Hydrocarbon pursuant to the terms of senior secured convertible debentures carrying an interest rate of up to 12% per annum and 102.1 million common share purchase warrants. As of February 28, 2015, the Company has also advanced $80 million to United Hydrocarbon against promissory notes carrying an interest rate of prime plus 2% per annum.

United Hydrocarbon entered into a Production Sharing Contract ("**PSC**") in May 2012 with the government of Chad through its 100% owned subsidiary, United Hydrocarbon Chad Ltd. To obtain the PSC, United Hydrocarbon paid a signature bonus and related attorney's fees of US$92.2 million to the Government of the Republic of Chad. The PSC provides the exclusive right to explore and develop oil and gas reserves on four blocks: DOC Block, DOD Block in the Doba Basin, Lake Chad Block and Largeau III Block. The key terms of the PSC, signed on May 2, 2012, are outlined in the Company's Management's Discussion and Analysis for the year ended December 31, 2013.

The Doba Basin is located in southern Chad and is the primary oil producing region of the country, having seen cumulative production of approximately 500 million barrels since 2003. The DOC and DOD blocks are within the Doba Basin and have extensive seismic data coverage over the blocks that is being used in exploration work. The two discoveries that belong to United Hydrocarbon, Belanga and M'Biku were made by prior block operators. These discoveries are situated in close proximity to a producing oil field currently operated by Exxon. In 2014 and into January 2015, United Hydrocarbon conducted an active drilling program within the Doba Basin blocks. Drilling activities in the Doba Basin resulted in six successful oil appraisal wells at Belanga. Results on the remaining three wells are pending further analysis. Furthermore, two of the four exploration wells resulted in new oil discoveries at Lara 1 and Lara East 1, both within 10 kilometres of Belanga. Two exploration wells were not successful. Assuming United Hydrocarbon is successful in its current financing efforts, it plans to bring first oil to production in late 2016 through excess capacity in the pipeline from Chad through Cameroon to a marine terminal at Kribi.

The Lake Chad Block is located in north-central Chad on the border with Niger. Within the Lake Chad block there are two known oil discoveries, namely Kumia and Kanem. There is also an extensive seismic data base that has been used by previous operators to identify nearly 200 exploration leads on the block. Future exploration will include seismic and drilling as early as 2016 assuming United Hydrocarbon is successful in its current financing efforts. The Largeau III Block is more remote and relatively unexplored.

*Dundee Sustainable Technologies Inc.*

Dundee Sustainable Technologies Inc. (CSE:DST) is engaged in the development of technologies for the treatment of refractory ores containing sulfides and arsenic. Dundee Technologies has developed proprietary hydrometallurgical processes, and owns the related patents, for the extraction of base and precious metals from ores, concentrates and tailings, which cannot be extracted with conventional processes because of metallurgical issues or environmental considerations.

Cyanidation, a commonly used procedure for processing gold, produces a large amount of highly contaminated tailings. Several countries have banned the use of cyanide and, as a result, there are a significant number of gold ore bodies that are dormant for lack of an environmentally-acceptable process to extract the gold. Dundee Technologies' patented approach provides a cyanide-free process to allow the exploitation of gold and other deposits that would otherwise face metallurgical issues with conventional methods. The primary benefits of the innovative technology are shorter processing times, reduced environmental footprint related to inert and stable characteristics of the tailings, and less emissions due to lower energy consumption.

The process developed by Dundee Technologies is a recognized “green technology” for which it was awarded a $5.7 million grant towards the construction of a $25 million demonstration plant. The completed commissioning of the demonstration plant is scheduled for the second quarter of 2015. With a capacity of 15 tons per day, the demonstration plant will serve as a proof of concept for the chlorination extraction technology on an industrial scale and under continuous operating conditions.

Through a consortium agreement with Dundee Precious Metals Inc. (“**DPM**”), Dundee Technologies was supplied with 600 tons of pyrite concentrate for processing during the first four month period of the demonstration plant operations. Subsequently, the demonstration plant is expected to process commercial material, allowing Dundee Technologies to achieve positive cash flows. At full capacity, the demonstration plant should process approximately 5,000 tons of concentrate per year.

Dundee Technologies has been actively looking for various concentrate feed sources and it has entered into preliminary agreements with identified partners to secure concentrate feed material for the demonstration plant in 2016. The “proof of concept” is expected to support Dundee Technologies’ business model based on using the technology in commercial plants built in collaboration with mine owners.

As of December 31, 2014, the Company held a 63% interest in Dundee Technologies.

*Dundee Energy Limited*

Dundee Energy Limited (TSX:DEN) is a Canadian-based company focused on creating long term value through the development and acquisition of high impact energy projects. Dundee Energy Limited holds interests, both directly and indirectly, in: (i) the largest accumulation of producing oil and natural gas assets in Ontario, being the Southern Ontario Assets (as defined below); (ii) a preferred share interest in Eurogas International Inc. As of December 31, 2014, the Company owned, directly and indirectly, a 58% interest in Dundee Energy.

Most of Dundee Energy’s operations are carried out by employees of Dundee Energy Limited Partnership (“**DELP**”), a wholly-owned limited partnership of Dundee Energy. Employees of DELP carry out the Company’s Ontario business. As of February 28, 2015, DELP had approximately 34 full time employees, plus various seasonal employees.

DELP holds an approximate 95% working interest in 62,000 gross acres of onshore oil and gas properties and an approximate 100% working interest in 324,000 gross acres of offshore gas properties, all located in and around Lake Erie in Ontario, Canada. The Southern Ontario Assets also include an approximate 100% interest in an onshore drilling rig, an offshore fleet of drilling and completion barges and five gas processing or compressor plants that are located onshore and process offshore raw gas.

The majority of the Dundee Energy’s natural gas flows from offshore wells on Lake Erie that produce from Silurian-aged sandstone and carbonates at a maximum depth of 550 metres. The main producing horizons are the Grimsby, Whirlpool and Guelph formations. This gas is transported to shore through a pipeline grid on the bottom of Lake Erie, and then processed at one of five of the Dundee Energy’s onshore processing facilities. DELP entered into transportation agreements with pipeline companies and the majority of its natural gas is transferred to the Dawn Hub, which is conveniently located proximate to the greater Toronto area, at which point it is sold to third parties.

*Dundee Precious Metals Inc.*

Dundee Precious Metals Inc. (TSX:DPM) is a Canadian based international mining company engaged in the acquisition, exploration, development, mining and processing of precious and base metals in Bulgaria, Namibia, Armenia and Serbia.

DPM carries out its business activities through its principal subsidiaries (i) Dundee Precious Metals Chelopech EAD which owns and operates a gold, copper and silver mine located east of Sofia, Bulgaria; (ii) Dundee Precious Metals Kapan CJSC, which owns and operates a gold, copper, zinc and silver mine in the town of Kapan, located south east of the capital city of Yerevan in southern Armenia; (iii) Dundee Precious Metals Krumovgrad EAD, which is focused on the development of a gold property located in south eastern Bulgaria, near the town of Krumovgrad; (iv) Dundee Precious Metals Tsumeb (Proprietary) Limited, which owns and operates a custom smelter located in Tsumeb, Namibia; and (v) Avala Resources Ltd., a TSXV listed company (TSXV:AVZ) incorporated in Canada and focused on the exploration and development of the Timok gold project, the Tulare copper and gold project and other early stage projects in Serbia.

As of December 31, 2014, the Company held an approximate 25.23% interest in DPM.

### 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. Since its inception, it has made investments in Blue Goose Capital Corp. ("**Blue Goose**"), AgriMarine Holdings Inc. ("**AgriMarine**"), Xylitol Canada Inc. ("**Xylitol Canada**") and Urban Barns Foods Inc. ("**Urban Barns**").

*Blue Goose Capital Corp.*

Blue Goose is a privately-held Canadian company focused on the production, distribution and sale of organic and natural beef, chicken and fish. Organic protein is produced by raising livestock in a purely organic environment, with feed from organically grown crops and no substrates or animal by-products in the feed, and by employing the highest standards of animal husbandry and welfare, with no use of artificial growth hormones or antibiotics. At December 31, 2014, Dundee Agriculture held an approximate 87% interest in Blue Goose. As of December 31, 2014, Blue Goose had approximately 115 employees. Additional information about Blue Goose may be accessed in the Company's Management Discussion & Analysis for year ended December 31, 2014.

*AgriMarine Holdings Inc.*

AgriMarine Holdings Inc. (CSE:FSH) is a Canadian-based producer of sustainable fin fish. AgriMarine utilizes its proprietary, clean aquaculture technology to create an optimal fish rearing environment with economic and environmental benefits to meet the growing demands for healthy and sustainable food sources. As of December 31, 2014, Dundee Agriculture held an approximate 95% interest in AgriMarine.

*Xylitol Canada Inc.*

Xylitol Canada (TSXV:XYL) is a publicly-listed company that markets xylitol and xylitol based-products and is focused on becoming a low-cost manufacturer of xylitol and related products, serving the global market from operations in North America. Xylitol Canada's business strategy is to leverage novel proprietary technology and processes to become North America's premier manufacturer of low cost, high quality xylitol from readily available environmentally-sustainable biomass. Xylitol is a natural sweetener that is marketed globally, including in Canada and the United States, and is accepted by the American Food and Drug Administration, the World Health Organization and the American Dental Association. Xylitol contains approximately 75% fewer carbohydrates and approximately 40% fewer calories than cane sugar, has a myriad of oral health benefits including the prevention of tooth decay, and is safe for diabetics. To date, wider spread use of xylitol has been limited by the lack of a reliable, low cost, high quality supplier. Xylitol Canada supplies a number of natural and organic products to retailers throughout North America, including some of the largest chains in Natural, Conventional Grocery, and Club channels. As of December 31, 2014, Dundee Ag held an approximate 28% interest in Xylitol Canada.

*Urban Barns Foods Inc.*

Urban Barns (OTCQB:URBF) is a publicly-listed company that uses patent pending and proprietary growing machines to produce chemical-free and GMO-free leafy vegetables in a secure and controlled indoor environment. By setting up subsidiary facilities and growing locally, Urban Barns is working toward supplying leafy vegetables to any community, irrespective of the regional climate, effectively reducing shipping times and related spoilage costs. Urban Barns' commitment to consumers is reflected through its motto, "Fresh. Local. Green". As of December 31, 2014, Dundee Ag held an approximate 39% interest in Urban Barns.

## Real Estate Investments

The Company holds a portfolio of investments focused on 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 is a global real estate company that offers comprehensive services in the investment, development, sale, marketing, operation and management of real estate assets. Through a series of transactions, in 2014, the Company acquired all of the issued and outstanding common shares of Dundee 360 that it did not already own making Dundee 360 a wholly-owned subsidiary of the Company.

Dundee 360 operates in three separate business lines: (i) real estate brokerage, and sales and marketing activities; (ii) hospitality and asset management activities; and (iii) real estate development activities.

Real Estate Brokerage, and Sales and Marketing Activities

Dundee 360 is involved in listing, marketing and selling of real estate, including the sales and marketing of condominiums, attached and detached homes, condominium developments and resort properties, both in the residential resale market and for stand-alone real estate projects. As part of these initiatives, Dundee 360 is party to a franchise agreement, which grants Dundee 360 the exclusive right to the use of the *"Sotheby's International Realty"* name and related trademarks across Canada for a period of 25 years ending in 2029, with a unilateral right to extend these rights for an additional 25-year term. In addition, and through a wholly-owned subsidiary, Blueprint Global Marketing Ltd., Dundee 360 markets real estate internationally, working with the Sotheby's International Realty network of franchised offices throughout the world to assist in the listing and selling of international developments.

Hospitality and Asset Management Activities

Hospitality and asset management activities of Dundee 360 encompass the management and development of international hotel, resort, residential and commercial properties. Dundee 360 has entered into an asset management agreement with Ivanhoé Cambridge pursuant to which Dundee 360 provides hotel management services for a portfolio of Canadian and U.S. hotels that operate under the *"Fairmont"* banner in exchange for a fee calculated on the portfolio value of the hotels under management, subject to an annual minimum fee. In addition, Dundee 360 has entered into several project management and procurement agreements with the Fairmont hotels to oversee several refurbishments and infrastructure capital projects.

Dundee 360 has also entered into a series of agreements with members of Enchantment Group, a resort company based in the United States with equity interests in various hotels, resorts and destination spas. Under the terms of these agreements, which expire in May 2025, Dundee 360 will manage the *"Enchantment Resort"* in Sedona, Arizona including the *"Mii Amo"* destination spa and the *"Tides Inn"*, a Chesapeake Bay waterfront resort in Virginia, in exchange for a fee calculated on gross revenues earned by these select properties. In connection with these arrangements, Dundee 360 has entered into a pre-development agreement to prepare a plan to redevelop the Tides Inn.

Pursuant to an agreement with Northlight Asset Management II LLC, a United States based manager of private equity, debt and real estate assets, Dundee 360 will manage the Seven Canyons Golf Course, an 18-hole, Tom Weiskopf designed golf course in Sedona, Arizona, for an initial term of 30 years ending in May 2043. Pursuant to an agreement with Azul Fives Hotel, Dundee 360 will also manage the Cancun, Mexico hotel for a period of two years.

As of February 2015, Dundee 360, through its wholly-owned subsidiary Dundee 360 Hospitality Services Inc., is engaged in an exclusive relationship with LeoNovus Inc. to deliver to hospitality providers interactive infotainment service products that leverage on LeoNovus Inc.'s proprietary technologies to add new revenue streams from cloud data services.

Real Estate Development Activities

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 signed an agreement with Sotarbat 360 to provide ongoing development services in respect of the Edenarc 1800 project, for which Dundee 360 will earn a fee calculated as a percentage of project costs. The Edenarc 1800 project has an estimated full build-out cost of approximately $120 million, all of which is being financed directly by the builder or with other traditional bank financing. In addition to providing development services, Dundee 360 has a 45% equity interest in Sotarbat 360.

Clearpoint Resort

Dundee 360 has an approximate 80% interest in Clearpoint Resort Limited, a Maltese Company, through which Dundee 360 intends to develop the Clearpoint Resort project. Located in Cavtat, Croatia, and in close proximity to Dubrovnik, Clearpoint Resort will be a master planned hotel, marina and recreational accommodations project developed on a terraced hillside reaching down to the Cavtat harbour. The Clearpoint Resort project has an estimated full build-out cost of $185 million. The development of the Clearpoint Resort is in its early stages of sourcing both debt and equity financing.

Parq Resort & Casino

Dundee 360 entered into development and asset management agreements with affiliates of Paragon Gaming Inc. to jointly develop and operate the resort site in Vancouver that will host the relocated Edgewater Casino and other recreational and tourist facilities. The Parq Resort & Casino project has an estimated full build-out cost of approximately $630 million.

Development in the Gangwon Province

The Company and Dundee 360 signed a framework agreement with the Gangwon Province of the Republic of Korea to develop a leisure, tourism and commercial hub within the East Coast Free Economic Zone in the Gangwon Province. This framework agreement is based on the desire of the Gangwon Province to engage the Company and Dundee 360 to advise with respect to the planning and development of a world class, year-round recreational and mixed-use real estate development, directly south of and in close proximity to the 2018 Winter Olympic site of Gangneung, and encompasses approximately 600 hectares of land with 2.5 kilometres of prime beachfront on the East Sea.

Opportunities in Cuba

Dundee 360 has entered into a joint venture agreement with an agency of the Government of Cuba to develop and construct 11 hotels and real estate properties in Cuba (the "**Cuban Development Agreement**"). Dundee 360 currently owns approximately 61% of Vancuba Holdings S.A. ("**Vancuba**"), the ultimate joint venture company that is undertaking the activities contemplated by the Cuban Development Agreement. Dundee 360 and Vancuba hold a 30% equity interest in Bellavista Resorts S.A. ("**Bellavista**"). Bellavista has acquired land rights for one of the proposed sites subject to the Cuban Development Agreement, pursuant to a long-term lease agreement with the government of Cuba.

*DREAM Unlimited Corp.*

DREAM is one of Canada's leading real estate companies with over $14.6 billion of assets under management in North America and Europe. The scope of DREAM's business includes residential land development, housing and condominium development, asset management for three TSX-listed funds, investments in Canadian renewable energy infrastructure and commercial property ownership. DREAM has an established track record for being innovative and for its ability to source, structure and execute on compelling investment opportunities. In connection with the distribution of assets to shareholders pursuant to the DREAM Arrangement with Dundee Realty, the Company retained a 28.36% interest in DREAM. Further information on the business of DREAM can be accessed under its profile at *www.sedar.com*.

### Other Strategic Investments

*Union Group International Holdings Limited*

Union Group International Holdings Limited ("**Union Group**") is a rapidly growing Latin American company which manages over US$1 billion in assets invested in the agriculture, power generation, infrastructure & logistics, minerals, oil & gas and real estate sectors in a select number of Latin American countries such as Uruguay, Peru and Paraguay, where they are rapidly expanding their portfolio.

The core sector's that Union Group covers include:

- *Agriculture* – Union Agriculture Group founded in 2008 as a diversified agricultural company operating in Uruguay, is today the largest corporate agricultural landholder and operator in the country. The Union Agriculture Group currently manages 181,000 hectares of farmland and is a leading producer of dry crops, rice, cattle, sheep and dairy for global export. Over the past year, Union Agriculture Group successfully completed the post-merger integration of the Uruguayan assets acquired from El Tejar and acquired a controlling stake in Granosur, a trading and logistics company, as part of its vertical integration strategy.
- *Power Generation* – Union Group develops, builds and operates power generation plants in Latin America. Union Group has been developing over 1,000 MW of new hydropower capacity in Peru since 2011, distributed across a portfolio of 15 run-of-river projects at various stages of development. Union Group is close to completing the development and construction of its first two plants, El Carmen and 8 de Agosto (27 MW) and continued the expansion of its portfolio through the development and acquisition of new projects.
- *Minerals* – Union Group develops mineral assets in Latin America. Union Group has extensive operations in Uruguay with projects diversified across minerals and maturity stages. Development assets include iron-ore, gold, titanium and chrome areas with large resources identified. Its landmark Rivera Minerales operation in Uruguay has over 6 billion tonnes of contingent iron-ore resource.
- *Infrastructure & Logistics* – Union Group develops and operates infrastructure and logistics assets in Uruguay. Existing operations include the development of new river and deep sea port operations as well as water transportation and shipping. Over the past year, Union Group has been operating a cargo ship and barges and significantly increased trading volumes.
- *Real Estate* – Union Group manages and invests in prime real estate properties in Latin America. Union Group is currently managing a diversified portfolio of properties including income generating, residential and coastline land properties. Over the past year, Union Group has completed the development of its landmark residential project Oceania, inaugurated in September 2014.
- *Oil & Gas* – Union Group develops and operates oil & gas assets in the Andean and Southern Cone regions. Union Group has a diversified portfolio including mature exploration assets in markets with proven reserves such as Peru, and early stage exploration assets in under-explored areas with high potential such as Paraguay and Uruguay. Over the past year, Union Group obtained very promising results from geological studies in the Z-34 Peruvian block, a highly prospective offshore acreage within the Talara Basin (northern Peru) with 2.4 billion barrels of unrisked resources. Encouraging results were also announced for blocks owned by Union Group in Paraguay and Uruguay.

Through a series of transactions, Dundee acquired a 40% interest in Union Group.

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*. Other information may be available on certain of such issuers’ websites. None of such information is incorporated by reference in this AIF.

## DESCRIPTION OF SHARE CAPITAL

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 December 31, 2014, the Company had the following securities outstanding:

| | |
|---|---|
| Subordinate Voting Shares | 53,196,258 |
| Common Shares | 3,115,235 |
| First Preference Shares, Series 2 Shares | 3,479,385 |
| First Preference Shares, Series 3 Shares | 1,720,615 |
| First Preference Shares, Series 4 Shares | 6,000,000 |
| 5.85% Exchangeable Unsecured Subordinated Debentures | 6,490 |

On May 30, 2013, the First Preference Shares, Series 1 were cancelled and replaced by the First Preference Shares, Series 4, pursuant to the DREAM Arrangement.

### 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 December 31, 2014, there were issued and outstanding 53,196,258 Subordinate Voting Shares and 3,115,235 Common Shares and such outstanding Subordinate Voting Shares represented an aggregate of 14.6% 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 December 31, 2014, 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, 2014 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 had the right on September 30, 2014 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 December 31, 2014, 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 30th 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 ("**Series 4 Shares**") authorized to be issued. As of December 31, 2014, there were 6,000,000 Series 4 Shares outstanding.

*Voting Rights*

Holders of Series 4 Shares are not entitled to any voting rights (except as otherwise provided by law or in the conditions attaching to the First Preference Shares as a class). However, if at any time the Company is in arrears for eight quarterly dividends in respect of the Series 4 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 4 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 4 Shares are redeemable at the option of the Company for a cash price of:

- $18.02 per Series 4 Share, if redeemed on or after June 30, 2014 and prior to June 30, 2015; and
- $17.84 per Series 4 Share, at any time on or after June 30, 2015,

together with all accrued and unpaid dividends thereon.

Prior to June 30, 2016, a holder of Series 4 Shares cannot require the Company to redeem any Series 4 Shares. On or after June 30, 2016, a holder of Series 4 Shares may require the Company to redeem such shares for a cash price of $17.84 per share, together with all accrued and unpaid dividends thereon.

*Conversion Rights*

Subject to compliance with all applicable laws, including receipt of all necessary regulatory approvals, the Series 4 Shares are convertible, at the option of the Company, into Subordinate Voting Shares at any time prior to June 30, 2016.

The number of Subordinate Voting Shares into which each Series 4 Share may be so converted will be determined by dividing the then applicable redemption price per Series 4 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. The Company does not currently intend to convert the Series 4 Shares.

*Repurchase Rights*

The Company may purchase for cancellation all or any part of the then outstanding Series 4 Shares on the open market by private agreement or otherwise.

*Dividends*

The holders of Series 4 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 $0.892 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 4 Shares are entitled to receive from the assets of the Company an amount equal to $17.84 per Series 4 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 4 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 December 31, 2014, 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 December 31, 2014, there were no Third Preference Shares authorized or outstanding.

### DEBENTURES

#### 5.85% Exchangeable Unsecured Subordinated Debentures

The Company originally issued $100 million principal amount of 5.85% exchangeable unsecured subordinated debentures (the "**5.85% Debentures**") pursuant to a trust indenture (the "**5.85% Trust Indenture**") dated as at June 22, 2005 between the Company and Computershare Trust Company of Canada, as trustee. As of December 31, 2014, approximately $6.5 million of the 5.85% Debentures remained outstanding. The 5.85% Debentures are direct, unsecured, subordinated obligations of the Company, bear interest at the rate of 5.85% per annum and mature on June 30, 2015. The 5.85% Debentures are exchangeable at the holders' option for Series A Units ("**Series A Units**") of Dundee REIT held by the Company or its subsidiaries at any time prior to the earlier of the maturity date and the date fixed for redemption at an exchange price of $29.75 per Unit (being a ratio of 33.6134 Series A Units per $1,000 principal amount of 5.85% Debentures), subject to customary adjustment events.

On and after June 30, 2011, the 5.85% Debentures may be redeemed in whole or in part from time to time at the Company's option at a price equal to their principal amount plus accrued interest. In the event of a change of control of Dundee REIT at any time, the 5.85% Debentures may be redeemed, at the option of either the holder thereof or the Company, at a price of 101% of the principal amount thereof (if redeemed by the holder), and at par (if redeemed by the Company). The Company may satisfy its obligation to repay the principal amount of the 5.85% Debentures on redemption (including upon a change of control of Dundee REIT) or at maturity, in whole or in part by delivering that number of Series A Units equal to the amount due divided by 95% of the market price for the Series A Units at that time, plus accrued interest in cash.

Subsidiaries of the Company have pledged and deposited with the trustee sufficient securities which are themselves exchangeable for Series A Units in order to permit full exchange of the 5.85% Debentures (the "**Pledged Units**"). Payment of the principal amount of, and interest (and premium, if any) on the 5.85% Debentures is subordinated in right of payment, in the circumstances set forth in the 5.85% Trust Indenture, to "Senior Indebtedness", as defined therein. The 5.85% Trust Indenture does not limit the Company's ability to incur additional indebtedness, including indebtedness that ranks senior to the 5.85% Debentures, or from mortgaging, pledging or charging real or personal property or properties of the Company to secure any indebtedness (other than security over the Pledged Units). Material modifications and amendments of the 5.85% Trust Indenture (including the waiver of events of default) require the approval of the holders of 66⅔% of the principal amount of the then outstanding 5.85% Debentures present at a meeting or represented by proxy or rendered by instruments in writing signed by the holders of not less than 66⅔% of the principal amount of the then outstanding 5.85% Debentures.

## 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 4 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 1 Shares, Series 2 Shares, Series 3 Shares, and Series 4 Shares of the Company outstanding during the financial years ended December 31, 2014, 2013 and 2012:

| Dividends per Outstanding Share | 2014 | 2013 | 2012 |
|---|---|---|---|
| Series 1 Shares[1] | - | $0.51854 | $1.25 |
| Series 2 Shares[2] | $1.62114 | $1.6875 | $1.6875 |
| Series 3 Shares[2] | $0.315 | - | - |
| Series 4 Shares[1] | $0.892 | $0.52197 | - |

[1] In connection with the DREAM Arrangement, the Preference Shares, Series 1 were cancelled and replaced with the Preference Shares, Series 4 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*.

[2] 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. On September 30, 2014, 1,720,615 of its 5,200,000 Series 2 Shares were converted on a one for one basis, into Series 3 Shares. At December 31, 2014, 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.

## 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, 2014:

| Month | High Price (Cdn. $) | Low Price (Cdn. $) | Close Price (Cdn. $) | Traded Volume |
|---|---|---|---|---|
| January 2014 | 19.96 | 18.12 | 18.34 | 1,942,398 |
| February 2014 | 18.40 | 16.55 | 16.94 | 2,337,154 |
| March 2014 | 17.58 | 15.41 | 15.78 | 2,108,747 |
| April 2014 | 18.16 | 15.85 | 16.00 | 4,167,472 |
| May 2014 | 17.49 | 15.95 | 16.17 | 7,159,052 |
| June 2014 | 17.45 | 16.11 | 17.18 | 2,890,627 |
| July 2014 | 18.61 | 16.57 | 18.02 | 2,139,873 |
| August 2014 | 19.16 | 17.90 | 18.90 | 1,550,423 |
| September 2014 | 19.10 | 16.79 | 16.97 | 1,752,469 |
| October 2014 | 17.04 | 15.67 | 15.98 | 1,255,056 |
| November 2014 | 16.21 | 15.21 | 15.32 | 2,251,931 |
| December 2014 | 15.29 | 11.30 | 12.81 | 2,457,763 |

Immediately following completion of the DREAM Arrangement, shareholders of the Company held, through their ownership of shares of both Dundee Corporation and DREAM, the same proportionate voting and equity interest, directly or indirectly, in all of the assets held by the Company prior to completion of the DREAM Arrangement. The table below illustrates the distribution received by shareholders of the Company pursuant to the terms of the DREAM Arrangement.

| Shares Held Prior to Completion of the Arrangement | Shares Received by Shareholders Pursuant to the Arrangement in each of: Dundee Corporation | DREAM Unlimited Corp. |
|---|---|---|
| Dundee Corporation<br>Class A Subordinate Voting Share | Dundee Corporation<br>Class A Subordinate Voting Share<br>(TSX: DC.A) | DREAM Unlimited Corp.<br>Class A Subordinate Voting Share<br>(TSX: DRM) |
| Dundee Corporation<br>Class B Common Share | Dundee Corporation<br>Class B Common Share<br>(Non-listed) | DREAM Unlimited Corp.<br>Class B Common Share<br>(Non-listed) |
| Dundee Corporation<br>$25 - 5% Cumulative<br>First Preference Share, Series 1 | Dundee Corporation<br>$17.84 - 5% Cumulative<br>First Preference Share, Series 4<br>(TSX: DC.PR.C) | DREAM Unlimited Corp.<br>$7.16 - 7% Cumulative Redeemable<br>First Preference Share, Series 1<br>(TSX: DRM.PR.A) |
| Dundee Corporation<br>$25 - 6.75% Rate Reset<br>First Preference Share, Series 2<br>(TSX: DC.PR.B) | n/a | n/a |

Further details regarding accounting treatment and the fair value of the shares of DREAM distributed at the time of the DREAM Arrangement can be found in the Company's Management Discussion &Analysis for year ended December 31, 2013.

### 5.85% DEBENTURES

The 5.85% Debentures, as defined in *"Description of Share Capital – Debentures"*, are currently listed and posted for trading on the TSX under the symbol DC.DB.

The following table sets forth information relating to the price range and volume traded for the 5.85% Debentures on a monthly basis for each month in the fiscal year ended December 31, 2014:

| Month | High Price (Cdn. $) | Low Price (Cdn. $) | Close Price (Cdn. $) | Traded Volume |
|---|---|---|---|---|
| January 2014 | 101.76 | 101.76 | 101.76 | 50 |
| February 2014 | 102.26 | 102.12 | 102.26 | 110 |
| March 2014 | 102.31 | 102.31 | 102.31 | 70 |
| April 2014 | 102.46 | 102.46 | 102.46 | 1,000 |
| May 2014 | 102.31 | 102.31 | 102.31 | 60 |
| June 2014 | 102.26 | 102.26 | 102.26 | 500 |
| July 2014 | - | - | - | - |
| August 2014 | 101.50 | 101.50 | 101.50 | 280 |
| September 2014 | 103.50 | 101.35 | 103.50 | 320 |
| October 2014 | 102.00 | 101.00 | 102.00 | 700 |
| November 2014 | 100.66 | 100.60 | 100.66 | 250 |
| December 2014 | 102.75 | 100.27 | 100.27 | 1,050 |

## 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, 2014:

| Month | High Price (Cdn. $) | Low Price (Cdn. $) | Close Price (Cdn. $) | Traded Volume |
|---|---|---|---|---|
| January 2014 | 25.30 | 24.87 | 25.00 | 68,684 |
| February 2014 | 25.26 | 24.74 | 25.23 | 147,732 |
| March 2014 | 25.35 | 24.80 | 24.97 | 88,389 |
| April 2014 | 25.09 | 24.92 | 25.05 | 71,483 |
| May 2014 | 25.25 | 25.00 | 25.10 | 50,491 |
| June 2014 | 25.21 | 24.65 | 25.01 | 69,175 |
| July 2014 | 25.36 | 24.69 | 24.70 | 137,040 |
| August 2014 | 25.34 | 24.70 | 25.25 | 109,136 |
| September 2014 | 25.31 | 24.36 | 24.67 | 243,907 |
| October 2014 | 25.08 | 24.40 | 25.00 | 134,244 |
| November 2014 | 25.54 | 24.94 | 25.40 | 80,268 |
| December 2014 | 25.48 | 24.31 | 24.37 | 47,513 |

## SERIES 3 SHARES

The Series 3 Shares commenced trading on the TSX on September 30, 2014 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 from September 2014 to December 2014:

| Month | High Price (Cdn. $) | Low Price (Cdn. $) | Close Price (Cdn. $) | Traded Volume |
|---|---|---|---|---|
| September 2014 | 25.00 | 25.00 | 25.00 | 100 |
| October 2014 | 25.35 | 25.10 | 25.35 | 73,368 |
| November 2014 | 25.47 | 25.22 | 25.40 | 69,193 |
| December 2014 | 25.44 | 24.66 | 24.66 | 33,709 |

## SERIES 4 SHARES

The Series 4 Shares are currently listed and posted for trading on the TSX under the symbol DC.PR.C.

The following table sets forth the information relating to the price range and volume traded for the Series 4 Shares on a monthly basis for each month in the fiscal year ended December 31, 2014:

| Month | High Price (Cdn. $) | Low Price (Cdn. $) | Close Price (Cdn. $) | Traded Volume |
|---|---|---|---|---|
| January 2014 | 17.79 | 17.22 | 17.30 | 67,572 |
| February 2014 | 17.70 | 17.30 | 17.70 | 44,618 |
| March 2014 | 17.70 | 17.30 | 17.55 | 234,325 |
| April 2014 | 17.89 | 17.50 | 17.80 | 175,362 |
| May 2014 | 17.99 | 17.84 | 17.91 | 59,837 |
| June 2014 | 18.00 | 17.76 | 18.00 | 171,130 |
| July 2014 | 18.00 | 17.75 | 17.79 | 241,865 |
| August 2014 | 17.99 | 17.78 | 17.81 | 44,205 |
| September 2014 | 18.00 | 17.69 | 17.74 | 64,370 |
| October 2014 | 17.97 | 17.50 | 17.85 | 65,552 |
| November 2014 | 17.99 | 17.77 | 17.99 | 72,222 |
| December 2014 | 18.00 | 17.48 | 17.69 | 43,013 |

# DIRECTORS AND OFFICERS

## NAMES, OCCUPATIONS AND SECURITY HOLDINGS

The following table sets 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 March 5, 2015. Directors of the Company hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

| Name and Place of Residence | Position Held in the Company | Director Since | Principal Occupation |
|---|---|---|---|
| **Directors** | | | |
| Michael Cooper<br>Ontario, Canada | Director | 2009 | President and Chief Executive Officer, Dundee Realty Management Corporation, a real estate company |
| Virginia Gambale (1) (2) (3)<br>New York, USA | Director | 2015 | Managing Partner, Azimuth Partners LLC |
| Daniel Goodman (4)<br>Ontario, Canada | Director | 2013 | President and Chief Executive Officer, GFI Investment Counsel Ltd. |
| David Goodman (4)<br>Ontario, Canada | President, Chief Executive Officer and Director | 2009 | President and Chief Executive Officer and Director, Dundee |
| Mark Goodman<br>Ontario, Canada | Executive Vice President, Chief Operating Officer and Director | 2013 | Executive Vice President and Chief Operating Officer, Dundee |
| Ned Goodman (4)<br>Ontario, Canada | Director | 1991 | Director, Dundee and Chairman and Chief Investment Officer, Goodman & Company, Investment Counsel Inc. |
| Harold P. Gordon (4)<br>Florida, USA | Vice Chairman and Director | 2000 | Vice Chairman and Director, Dundee |
| Ellis Jacob (3)<br>Ontario, Canada | Director | 2008 | President and Chief Executive Officer, Cineplex Inc., an entertainment company |
| Dr. Frederick H. Lowy (3)<br>Ontario, Canada | Director | 1999 | Retired |
| Garth A. C. MacRae (1)<br>Ontario, Canada | Director | 1991 | Retired |
| Robert McLeish (1) (2) (3) (4)<br>Ontario, Canada | Chairman and Director | 2002 | Independent Consultant |
| K. Barry Sparks (1)<br>Ontario, Canada | Director | 1993 | President, Torvan Capital Group, a corporate advisory and management company |
| Jeremy Soames<br>London, England | Director | 2012 | Chairman, Barbican Managing Agency Limited |
| A. Murray Sinclair, Jr. (2) (4)<br>British Columbia, Canada | Director | 2012 | Chief Investment Officer, Earlston Investments Corp. |

| Name and Place of Residence | Position Held in the Company | Officer Since | Principal Occupation |
|---|---|---|---|
| **Non-Director Officers** | | | |
| Mark Attanasio<br>Ontario, Canada | Vice President | 2014 | Vice President, Dundee and President, Dundee Capital Markets Inc. |
| Jonathan Aikman<br>Ontario, Canada | Vice President | 2014 | Vice President, Dundee |
| Karla Congson,<br>Ontario, Canada | Vice President and Chief Marketing Officer | 2015 | Vice President and Chief Marketing Officer, Dundee |
| Sivan Fox<br>Ontario, Canada | Vice President, Legal | 2009 | Vice President, Legal, Dundee |
| Lili Mance<br>Ontario, Canada | Corporate Secretary | 2004 | Corporate Secretary, Dundee |
| Perina Montesano<br>Ontario, Canada | Vice President, Internal Audit | 2009 | Vice President, Internal Audit, Dundee |
| Kevin Ng<br>Ontario, Canada | Vice President, Taxation | 2009 | Vice President, Taxation, Dundee |
| Lucie Presot<br>Ontario, Canada | Vice President and Chief Financial Officer | 1994 | Vice President and Chief Financial Officer, Dundee |
| Naomi Ruby<br>Ontario, Canada | Vice President, Human Resources | 2013 | Vice President, Human Resources, Dundee |
| Paul Stapleton<br>Ontario, Canada | Vice President, Information Technology | 2015 | Vice President, Information Technology, Dundee |
| Jean-Francois Thibault<br>Ontario, Canada | Vice President and Chief Administrative Officer | 2014 | Vice President & Chief Administrative Officer, Dundee |

[1] Member of Audit Committee
[2] Member of Compensation Committee
[3] Member of Corporate Governance Committee
[4] Member of the Executive 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.; and (ii) Murray Sinclair, 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.

Mr. Sinclair was a director of Western Uranium Corporation (formerly Navan Capital Corp.) until March 31, 2006. Navan Capital Corp. was suspended from trading for failure to complete a Qualifying Transaction within 18 months of the date of the listing on the TSXV in connection with a capital pool offering by Navan Capital Corp.

As of December 31, 2014, the directors and senior officers of the Company as a group beneficially owned, directly or indirectly, or exercised control over, 8,197,061 Subordinate Voting Shares, representing approximately 15.4% of the outstanding Subordinate Voting Shares, and 3,087,456

Common Shares, representing approximately 99% of the outstanding Common Shares, in the aggregate representing approximately a 20% equity interest and approximately a 86.90% 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 6,388,006 Subordinate Voting Shares representing 12.01% of the Subordinate Voting Shares and a 1.75% voting interest.

As of December 31, 2014, Mr. Ned Goodman owned Subordinate Voting Shares and Common Shares representing approximately an 85.3% voting interest in the Company (which holdings are included in the aggregate holdings of the directors and officers of the Company noted above).

### 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.

## CORPORATE TRANSACTIONS

### 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 2014 MD&A and Analysis dated December 31, 2014 which is available under the Company's profile on SEDAR at *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 2014.

# INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

Pursuant to the DREAM Arrangement, the Company transferred its 70% interest in the common shares and Class C preference shares (the "**DRC Shares**") of Dundee Realty to DREAM (a new public company), effectively distributing the majority of its interest in Dundee Realty to certain of its shareholders through their shareholdings in DREAM. On completion of the DREAM Arrangement, the Company owned, directly or indirectly, an approximate 28.57% interest in the total number of subordinate voting shares and common shares of DREAM, thereby retaining a 20% interest in Dundee Realty. Sweet Dream Corp. ("**SDC**") (a company owned by Mr. Michael Cooper, a director of the Company) retained its 30% interest in the DRC Shares. In addition and as part of the Arrangement, each of the Shareholders Agreement, the Permitted Sales Agreement and the Exchange Agreement (as each such term is defined and described below) was entered into.

A shareholders agreement (the "**Shareholders Agreement**") made as of May 30, 2013 among DREAM, Dundee Realty, SDC, Mr. Michael Cooper and 0764704 B.C. Ltd. ("**076**") (a subsidiary of the Company) became effective on completion of the DREAM Arrangement. The Shareholders Agreement (as amended and restated – see below) governs the relationship of the shareholders of Dundee Realty, including in respect of board composition and other matters, the operation of the business, voting and the transferability of shares. Following the completion of the DREAM Arrangement and as of May 30, 2013, the Shareholders Agreement was amended and restated in connection with the sale by 076 of its then interest in Dundee Realty to DREAM Ventures Limited Partnership ("**DVLP**") to remove 076, and to add DVLP, as a party thereto.

In connection with the Shareholders Agreement, a permitted sales agreement (the "**Permitted Sales Agreement**") made as of May 30, 2013 among DREAM, Dundee Realty, SDC and Mr. Michael Cooper became effective on completion of the DREAM Arrangement. The Permitted Sales Agreement provides each of SDC and DREAM with the right, in certain circumstances, to require the other (at such other's option) to acquire all of the DRC Shares held by SDC or DREAM, as the case may be, or to cause the sale of all of the DRC Shares or all of Dundee Realty's assets. Also, an exchange agreement (the "**Exchange Agreement**") made as of May 30, 2013 among DREAM, Dundee Realty and SDC became effective on completion of the DREAM Arrangement. The Exchange Agreement provides, in accordance with the terms thereof, SDC with the right to require DREAM to exchange the DRC Shares held by SDC for subordinate voting shares of DREAM representing 30% of the common equity of DREAM on a fully diluted basis, as well as other demand registration and piggy-back registration rights.

Further details regarding the DREAM Arrangement can be found in the Company's Management Information Circular, dated April 16, 2013, filed under the Company's profile at *www.sedar.com*.

# RISK FACTORS

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.

## ASSET MANAGEMENT

### 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.

### 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 in the areas of resources, agriculture and real estate and certain individual positions within such areas may be substantial. By concentrating investments on fewer industries or issuers, there may be increased volatility in the value of the Company's securities.

### 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 revenues as well as trading and corporate finance activities of DSL.

### Performance Based Fee Arrangements May Increase Volatility of Revenues

A portion of the Company's advisory and fee revenues may potentially be derived from performance fees. If the investment return of a particular fund or portfolio does not meet or exceed the investment return benchmark for a specific period no performance fees will be generated, and, if the performance fee is based on cumulative returns, the Company's ability to earn performance fees in the future may be impaired.

### 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 engages 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; 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.

### Competition

The Company operates in a highly competitive environment that includes other providers of asset and wealth management products and services such as banks, investment fund companies, financial advisors, investment dealers and insurance companies, 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. In order to remain competitive, the Company will continue to be innovative in the development of financial products and solutions, to monitor its investment performance and to provide the highest level of service to clients.

In addition, there may be competitive pressures from time to time to lower the fees that are charged for the Company's products and services. While the Company believes that its current fee structures are competitive with industry peers, changes to management fees, sub-advisory 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.

### Regulatory and Litigation Risk

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. 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 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 or financial advisors, 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 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. The Company maintains various types of insurance to cover certain potential risks and continuously evaluates the adequacy of this coverage. In recent years, the cost of obtaining insurance has increased while the number of insurance providers has decreased. As a result of the introduction of the secondary market civil liability regime, the ability to obtain insurance on reasonable economic terms may be even more difficult in the future.

### Commitment of Key Personnel and Financial Advisors

The Company's strategic focus is dependent on the abilities, experience and efforts of the members of its executive team. 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.

### Capital Requirements

GCIC, DSL and Dundee Securities Inc. 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.

### 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, documentational 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.

### Business Infrastructure

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.

### Credit Risks in Securities Transactions

The Company is exposed to the risk that third parties owing cash, securities or other assets, may not fulfill their obligations, due to lack of liquidity, bankruptcy, operational failure or other causes. These parties include trading counterparties, customers, clearing agents, exchanges, clearing houses, other financial intermediaries and issuers whose securities are held by the Company or its subsidiary. Credit risks associated with customers include amounts loaned in margin accounts. While DSL reviews its credit exposure to specific clients, counterparties and other debtors, default risk may arise from events or circumstances that are otherwise difficult to detect. DSL also reviews the type and value of securities held as collateral for margin loans. An unexpected decline in the value of any such securities held as collateral may expose DSL to additional credit losses.

### Risks of Underwriting Activities

The underwriting business operated by DSL 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. DSL 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.

## REAL ESTATE

### Real Estate Ownership

Real estate ownership is generally subject to numerous risks, including changes in general economic conditions such as the availability and cost of mortgage funds, local economic conditions such as an oversupply of office, industrial and retail properties or a reduction in demand for real estate in the area, the attractiveness of properties to potential tenants or purchasers, the ability of tenants to meet their lease obligations, competition for available space and other factors.

### Illiquidity of Real Estate Investments

An investment in real estate is relatively illiquid. Such illiquidity will tend to limit our ability to vary our real estate portfolio promptly in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain types of real estate. The costs of holdings real estate are considerable and, during an economic recession, we may be faced with ongoing expenditures with a declining prospect of incoming receipts. If we are unable to refinance our mortgages on acceptable terms, or at all, we may need to dispose of one or more of our real estate assets. In such circumstances, it may be necessary for us to dispose of properties 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 our real estate investments and accordingly, could adversely affect the financial condition and results of operations of our real estate subsidiaries.

### Market Influences

As a result of market conditions, real estate focused issuers in which the Company invests (the "**Real Estate Investees**") may not be able to, or may not wish to develop their land holdings. Development of land holdings and properties that are to be constructed are subject to a variety of risks, not all within the Company's control. Such risks include lack of funding, variability in development costs and unforeseeable delays.

### Regulatory and Environmental Risks

Real Estate 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 Real Estate Investees have insurance and other policies and procedures in place to review and monitor environmental exposure, which it believes mitigates these risks to an acceptable level. Some of the properties owned by the Real Estate Investees currently have or have had tenants that use hazardous substances or create waste. Such uses can potentially create environmental liabilities. A few issues have been identified through site assessments, including the need to remediate or otherwise address certain contaminations. These issues are being 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, the Real Estate Investees 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 Real Estate Investees' perception of relative risk. The Company understands that the Real Estate Investees do not currently anticipate material expenditures in respect of any required remediation.

### Credit Risk

Real estate investments are often made as joint ventures or partnerships with third parties. These structures involve certain additional risks, including the possibility that the co-venturers/partners may, at any time, have economic or business interests inconsistent with Real Estate Investees', the risk that such co-venturers/partners could experience financial difficulties which could result in additional financial demands on the Real Estate Investees to maintain and operate such properties or repay debt in respect of such properties, and the need to obtain the co-venturers'/partners' consents with respect to certain major decisions in respect of such properties. The Real Estate Investees attempt to mitigate these risks by performing due diligence procedures on potential partners and contractual arrangements, and by closely monitoring and supervising the joint venture or partnership.

### Development Risks

In connection with its real estate operations, the Real Estate Investees must comply with extensive regulations affecting the real estate development process. In particular, governmental authorities regulate such matters as zoning and permitted land uses, levels of density, and building standards. The Real Estate Investees must obtain approvals from various governmental authorities and comply with local provincial and federal laws, including laws and regulations concerning the protection of the environment in connection with such development projects. Obtaining such approvals and complying with such laws and regulations may result in delays which cause the Real Estate Investees to incur additional costs which impact the profitability of a development project, or may restrict development activity altogether with respect to a particular project.

As well, the Company's real estate operations are impacted by its ability to hire and retain sufficient skilled and experienced contractors required to develop its real estate projects in a cost effective and timely manner. An inability to hire or retain skilled workers or changes in the relationship with its workforce could result in work stoppages which may have a material adverse effect on the profitability of its real estate development activities.

The Company's real estate development activities are also sensitive to the credit and financial stability of counterparties. The Company's earnings would be adversely affected if purchasers of real estate properties or land and housing holdings were to become unable or unwilling to meet their obligations to the Real Estate Investees or if the Real Estate Investees are unable to close the sale of a significant number of units in a development project on economically favourable terms. This could have an adverse impact on the Real Estate Investees' liquidity and could reduce its ability to pursue further acquisitions or meet other financial obligations. If there are significant adverse changes in economic or real estate market conditions, the Real Estate Investees may have to sell properties at a loss or hold undeveloped land or developed properties in inventory longer than planned. Inventory carrying costs can be significant and may result in losses in a poorly performing project or market.

### Operational Risk

The Real Estate Investees revenue properties and Dundee REIT's portfolio of properties generate income through rent received from tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. Certain significant obligations, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made regardless of whether or not a property is producing sufficient income to pay such expenses. Upon the expiry of the term of the financing of any particular property, refinancing may not be available or may not be available on reasonable terms. Distributions from the Real Estate Investees are not guaranteed and may fluctuate with their financial performance.

### Capital Requirements

Our real estate assets may be financed through debt. Upon the expiry of the term of the financing of any particular property, refinancing may not be available or may be available only on terms less favourable to us than existing financing. Our real estate operations may require additional financing in order to grow and expand.

## RESOURCES

### 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 our resource investees. Resource mining and exploration 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 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 would 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.

### Agriculture

*Unpredictable Weather Conditions, Pest Infestations and Diseases*

The occurrence of severe adverse weather conditions, especially 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.

*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.

### Risks Relating to the Company's Investments in Oil and Gas Operations

Oil and natural gas operations involve many risks, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. The long term commercial success of the Company's investment in oil and gas exploration and development companies depend on such companies' ability to find, acquire, develop and commercially produce oil and natural gas reserves. There is no certainty that the expenditures incurred on such exploration properties will result in discoveries of commercial quantities of oil or gas. Without the continual addition of new reserves, existing reserves and the production therefrom will decline over time as existing reserves are exploited. Future increases in the reserves of oil and gas investee companies will depend not only on their ability to explore and develop any properties it may have from time to time, but also on their ability to select and acquire suitable producing properties or prospects. No assurance can be given that it will be able to continue to locate satisfactory properties for acquisition or participation. Moreover, if such acquisitions or participations are identified, management of the Company may determine that current markets, terms of acquisition and participation or pricing conditions make such acquisitions or participations uneconomic.

The process of estimating oil and gas reserves is complex and involves a significant number of assumptions in evaluating available geological, geophysical, engineering and economic data. Therefore, reserves estimates are inherently uncertain. These evaluations include many factors and assumptions such as historical production from the properties, production rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of oil and gas, royalty rates, future prices of oil and natural gas, operating costs and the assumed effects of regulation by governmental agencies, all of which may vary materially from actual results and many of which are beyond our control. For those reasons, estimates of the economically recoverable oil and natural gas reserves attributable to any particular group of properties, classification of such reserves based on risk of recovery and estimates of future net revenues associated with reserves prepared by different engineers, or by the same engineers at different times, may vary. Actual production, revenues, taxes and development and operating expenditures with respect to its reserves will vary from estimates thereof and such variations could be material.

### Competition

The resources industry is competitive in all its phases. The Company’s resource investees compete with numerous other participants in the search for the acquisition of 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 investees. Our investees may not be fully insured against all risks relating to their operations and some of those risks may not be insurable.

### Insurance

Resource operations are subject to all the risks and hazards typically associated with such 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 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 investees could incur significant costs that could 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 investee companies operate have historically been subject to political and economic instability. The increased levels of instability and civil unrest in the Middle East and North Africa in recent months highlights the potential risks associated with the foreign operation of the

Company, its subsidiaries and equity investees. Operating in foreign jurisdictions may 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.

### 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 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 mining 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

Commodity prices, including oil and natural gas prices, are unstable and subject to fluctuations. Any material decline in prices could result in a reduction in the revenues of our resource investees. The economics of producing from some wells may change as a result of lower prices. From time to time, resource investees may enter into agreements to fix prices on their production to mitigate these risks; however, this will not permit them to benefit from future increases in commodity prices. The market prices of securities of resource companies have experienced volatility in the past, often based on factors unrelated to the financial performance or prospects of the underlying company, which include general economic conditions and cycles and macroeconomic developments.

### Skilled Labour, Reliance on Operators and Availability of Equipment

The resources industry 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. Currently, the mining industry is generally facing a shortage of skilled labour as well as a lack of availability of suitable mining equipment. If resource 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 resource operations. 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.

Resource activities are also dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company's resource investees and may delay exploration and development activities. In addition, equipment failures may occur which could result in injuries and/or exploration and development delays. To the extent that the Company's resource investee is not the operator of its resource properties, it will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

## GENERAL BUSINESS RISKS

### Risk of Sustained Economic Downturn

Despite recent improvements in global capital markets, fears of a sustained economic downturn remain, characterized by higher unemployment, lower commodity prices, lower family incomes and corporate earnings, lower consumer spending and business investment, which could have a myriad of effects on the Company's business, including reduced demand for investment products; decreased demand for real estate properties and decreases in resource prices. Moreover, these economic conditions, if realized, will impact the risk profile of many of the other financial and market risks described below.

A prolonged economic downturn may also give rise to a higher level of strategic risks including those associated with industry restructuring, new competitive dynamics and significant changes in the legal, regulatory and tax regimes in which the Company's businesses operate.

### 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 our 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.

### Investing in a Variety of Industry Sectors

Our investments are in a variety of industry sectors and therefore, each investment will be subject to specific risks inherent in the unique business environment in which it operates. In the case of equity accounted investments, we are required to record our share of income or loss from these investments and related dilutions and accordingly, our earnings are affected by these amounts. Further, to the extent that the investment is a public company, the investment is subject to market forces which may fluctuate beyond our control. Certain of our private company holdings are illiquid and disposition may be difficult. We may realize lower proceeds of disposition in the event that we are required to dispose of an investment at a point in time when market prices are low.

### Capital Requirements

The Company and/or its subsidiaries 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. Continued disruption in the financial markets may limit the Company's access to capital in the event that the Company is required to seek additional liquidity to operate its business.

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. Additional equity funding of the Company 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, 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 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, the credit facility contains a number of financial covenants that require the Company 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.

### Corporate 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. In addition, because of a reduction in the number of insurance providers as a result of a number of companies exiting the market, there can be no assurance that certain insurance coverage will be obtainable on economic terms in the future. As a result of the introduction of the secondary market civil liability regime, the ability to obtain insurance on reasonable economic terms may be even more difficult in the future. To date, we have chosen not to obtain directors' and officers' insurance.

### Foreign Country Risk

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

- political and economic instability;
- tax risks;
- currency exchange rates and currency controls;
- insufficient infrastructure;
- restrictions on foreign investment; and
- increases in working capital requirements related to foreign operations.

Expanding our business in emerging markets is an important element of our business strategy and as a result, our exposure to foreign country risk described above may be greater in the future. The likelihood and potential effects on the Company varies from country to country and is unpredictable; however, any such occurrences could have an adverse effect on our profitability.

### The Ability to Execute Business Plans, Integration and Management of Growth

The Company's growth strategy has relied in part on acquisitions and the associated realization of operating synergies. A successful acquisition requires the Company to identify suitable candidates for purchase on acceptable terms and the acquired business to be successfully integrated in a timely and non-disruptive manner designed to minimize the risk of loss of client business. Even with the investment of management and financial resources, an acquisition may not produce the anticipated revenue, earnings or business synergies anticipated at the time of acquisition. In addition, acquisitions can involve non-recurring charges and if not successful, the write-off of amounts of goodwill and other intangible assets that could have an adverse effect on the financial results of the Company. Management performs an extensive review of the value of goodwill and other intangible assets on an ongoing basis. There can be no assurance that the Company will not incur significant costs in the future in connection with such potential liabilities.

The Company may also be subject to growth-related risks including capacity constraints and pressure on its internal systems and controls. The ability of the Company to manage growth effectively will require it to continue to implement and improve its operational and financial systems and to expand, train and manage its employee base. The inability of the Company to deal with this growth may have a material adverse effect on the Company's business, financial condition, results of operations and prospects.

### Litigation Risk

Litigation risk is inherent in each of the business lines of the Company as well as in operations that may be acquired by the Company. Litigation risk cannot be eliminated, even if there is no legal cause of action. The legal risks facing the Company, its directors, trustees, officers or employees in this respect include the potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. In addition, the existence of the secondary market and the civil liability regime in certain jurisdictions may facilitate dissatisfied shareholders to make claims against the Company.

### 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.

### Possible 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.

### Information System Risk

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.

### 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 are also 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.

### 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*. 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.

## MATERIAL CONTRACTS

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, 2014 which remain in effect are as follows:

- The 5.85% Trust Indenture, as described under *"Description of Share Capital – Debentures – 5.85% Exchangeable Unsecured Subordinated Debentures"*.
- 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.

Copies of the above material contracts are available for inspection on SEDAR at *www.sedar.com*.

## TRANSFER AGENT AND REGISTRAR

The Company's registrar and transfer agent is Computershare Investor Services Inc., located at 100 University Avenue, 8$^{th}$ Floor, Toronto, Ontario, M5J 2Y1, Canada.

## EXPERTS

The financial statements for the financial year ended December 31, 2014, 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

## COMPOSITION OF AUDIT COMMITTEE

As at March 6, 2015, the audit committee of the directors of the Company (the "**Audit Committee**") was composed of the following persons:

K. Barry Sparks (Chairman)
Virginia Gambale
Ellis Jacob
Garth A. C MacRae
Robert McLeish

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 President and a director of Cencotech Inc., a director of Muskrat Minerals Inc., and was the Chief Financial Officer of a private Canadian operating corporation for over 20 years until its sale in 2014.

Virginia Gambale

Ms. Virginia Gambale is the founder and Managing Partner of Azimuth Partners LLC, a strategic advisory firm in the areas of Financial Services, Technology, Energy and Healthcare working with middle market and large corporations. Ms. Gambale has served on over 20 public and private boards and currently serves as a director for JetBlue and First Derivatives plc. Prior to founding Azimuth Partners, Ms. Gambale was a former senior operating executive of global corporations where she held senior management positions including CIO at Merrill Lynch, Bankers Trust, Deutsche Bank and Marsh & McLennan. Additionally, Ms. Gambale was the Head of Deutsche Bank Strategic Ventures and a General Partner at Deutsche Bank Capital.

Ellis Jacob

Mr. Ellis Jacob, C.M. and MBA, has served as a director of the company since June 2008. Mr. Jacob has 27 years of experience in the motion picture exhibition industry, is Director, President and Chief Executive Officer of Cineplex Inc. and its subsidiaries. Prior to his current role, he was President and Chief Executive Officer of Galaxy Entertainment Inc., which he co-founded in 1999. Mr. Jacob is currently a director and Chairman of the audit committee of Husky Injection Molding Systems Ltd., a director and Member of the finance and audit committee of Baycrest Hospital and has been a member of several company boards and audit committees. In December 2010, Mr. Jacob was appointed a Member of the Order of Canada. Mr. Jacob also holds the following professional designations: FCPA, FCA, FCMA and ICD.D.

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 Precious Metals Inc., Dundee Energy Limited, GeneNews Limited, and Uranium Participation Corporation.

Robert McLeish

Mr. Robert McLeish, B. Comm. and CFA, has served as a director of the Company since March 2002. Mr. McLeish is a consultant who has over 40 years of experience in the investment business. Mr. McLeish has been a member of various committees of the TSX, including the Conflicts of Interest Committee. Mr. McLeish is a director of Airboss of America Corp. a former director of the Juvenile Diabetes Research Foundation.

## 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 Appendix "A" hereto.

## PRE-APPROVAL POLICY

In November 2003, the directors of the Company, upon the recommendation of the Audit Committee, 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 2014 and 2013, 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 | 2014 ($) | 2013 ($) |
| --- | --- | --- |
| Audit Fees | 1,621,580 | 1,679,450 |
| Audit-Related Fees | 329,500 | 346,813 |
| Tax Services Fees | 270,228 | 179,604 |
| Other Fees | 353,000 | 440,000 |
| **TOTAL** | **2,574,308** | **2,645,867** |

### 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"*.

## ADDITIONAL INFORMATION

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 2014 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*.

## APPENDIX "A"

## 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.