

DUNDEE
CORPORATION

ANNUAL INFORMATION FORM

MARCH 14, 2013

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EXPLANATORY NOTES

Unless otherwise indicated, the information appearing in this annual information form (“**AIF**”) is stated as of December 31, 2012 and all amounts are in Canadian dollars.

FORWARD-LOOKING INFORMATION

Public communications of Dundee Corporation (the “**Company**”) 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 Canadian and United States securities regulators, stock exchanges or in other communications. All such statements 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 2013 and beyond, 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 management of the Company and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and those affecting the financial services industry generally. The forward-looking information contained in this AIF is presented for the purpose of assisting the Company’s shareholders in understanding the 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 others, those referenced in the Risk Factors section of this AIF starting on page 32. These risks 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; the Company’s ability to create, attract and retain assets under management and assets under administration; risks relating to trading activities and investments; competition faced by the Company; regulation of the Company’s businesses; risks associated with the Company’s real estate and resources businesses and the Company’s investment holdings in general, including risks associated with oil and gas and mining exploration, development and processing 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; potential liability of the Company and its subsidiaries under securities laws and for violations of investor suitability requirements; maintenance of minimum regulatory capital requirements for certain of the Company’s subsidiaries 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 are identified based upon information available as of March 14, 2013.

Assumptions about the future performance of the Canadian, United States and European economies were material factors considered by management when setting the Company’s priorities and objectives. In determining our expectations for economic growth in the real estate and resource sectors, we considered historical economic data provided by the Canadian government and its agencies, current market conditions and general economic conditions.

Forward-looking statements contained in this AIF are not guarantees of future performance and 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**” or “**Dundee**”) is a Canadian independent publicly traded holding company listed on the Toronto Stock Exchange (“**TSX**”) under the symbol “DC.A”.

Through its operating subsidiaries, the Company is engaged in diverse business activities in the areas of its core competencies, including real estate and infrastructure, energy, resources and agriculture.

Asset management activities are carried out by Goodman Investment Counsel Inc. (“**GIC**”). GIC is the asset manager of the CMP and Canada Dominion Resources flow-through limited partnerships as well as Goodman Gold Trust (formerly CMP Gold Trust). GIC also provides sub-advisory services to certain third party mutual funds.

Dundee’s current real estate operating activity is conducted through its 70% interest in Dundee Realty Corporation (“**Dundee Realty**”) and includes residential land development, housing and condominium development and residential and commercial property ownership across Canada and the United States.

Dundee’s capital markets and personal investment advisory services are carried out through the “Dundee Capital Markets” and “Dundee Goodman Private Wealth” divisions of its wholly-owned subsidiary, Dundee Securities Ltd. (“**Dundee Securities**” or “**DSL**”).

Dundee Energy Limited (“**Dundee Energy**”) is involved in oil and gas development and production in southern Ontario and in the development of a natural gas storage facility in Spain.

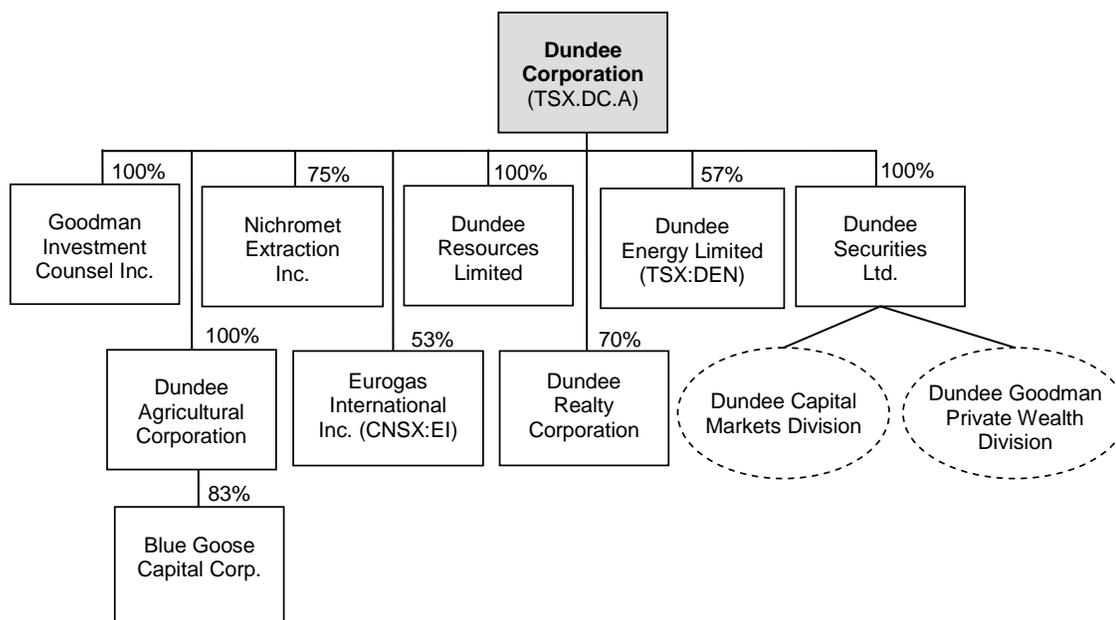
Dundee also owns and manages direct investments in its core focus areas and other select investments, through ownership, directly and indirectly, of both publicly listed and private companies.

The registered and head office of the Company is located at Dundee Place, 1 Adelaide Street East, 21st Floor, Toronto, Ontario, M5C 2V9. The Company is listed on the TSX under the symbols (TSX – DC.A, DC.PR.A, DC.PR.B and DC.DB). As of December 31, 2012, the Company had 61¹ employees.

¹ Including employees of the Company’s subsidiaries GIC and Dundee Resources Limited, but excluding employees of Dundee Securities and Dundee Realty which are separately disclosed herein.

CORPORATE STRUCTURE

The following simplified corporate chart sets out certain material subsidiaries of Dundee as of December 31, 2012 that are referenced in this AIF. The voting interests of Dundee in such subsidiaries reflect both the direct and indirect voting interests of the Company as of December 31, 2012.



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. See "*Description of Share Capital*".

INTER-CORPORATE RELATIONSHIPS

Principal Subsidiaries of the Company

The principal subsidiaries of the Company, the corresponding jurisdictions of incorporation and the Company's percentage interest in such subsidiaries as of December 31, 2012 are set forth in the table below:

Name	Percentage Voting Interest held Directly or Indirectly by the Company	Jurisdiction of Incorporation / Formation
Dundee Securities Ltd.	100%	Ontario
Dundee Realty Corporation ⁽¹⁾	70%	British Columbia
Dundee Energy Limited ⁽²⁾	57%	Canada
Goodman Investment Counsel Inc.	100%	Ontario

Notes:

- (1) Dundee holds its interest in Dundee Realty Corporation directly and indirectly through 0764704 B.C. Ltd. Dundee holds shares representing 70% of the votes of Dundee Realty Corporation. 1819400 Ontario Inc. and Dundee Realty Holdings 1 Limited Partnership are principal subsidiaries of Dundee Realty Corporation which qualify as principal subsidiaries of Dundee. See "Business of the Company – Subsidiaries – Dundee Realty Corporation".
- (2) Dundee holds its interest in Dundee Energy Limited directly and indirectly through The Garda Corporation.

BUSINESS HIGHLIGHTS

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

December 2012

- The Company announced that the Board of Directors had approved, in principle, to proceed with a corporate restructuring, through a tax efficient plan of arrangement (the "**DRC Arrangement**") that will distribute to the Company's shareholders a 50% interest in Dundee Realty, the Company's 70% owned real estate subsidiary. The Company will retain a 20% interest in Dundee Realty with Mr. Michael Cooper, the President and Chief Executive Officer of Dundee Realty, retaining the remaining 30%.
- 360 VOX Corporation ("**360 VOX**") announced its intent to acquire a group of real estate businesses in Canada known as Sotheby's International Realty Canada, Sotheby's International Realty Quebec, and Blueprint Global Marketing. This group of real estate businesses is involved in the listing, marketing and selling of condominiums, attached and detached homes, condominium developments and resort properties, both in the residential resale market and stand-alone projects. Pursuant to the terms of these arrangements, the sellers will receive as consideration up to \$4.1 million in cash and 54.3 million common shares of 360 VOX, potentially diluting the Company's interest. Through a series of transactions, the Company holds a 22% interest in 360 VOX, a publicly traded company listed on the TSX Venture Exchange under the symbol "VOX".

See "Business of the Company – Equity Accounted Investments – 360 VOX" for further details regarding the Company's interest in 360 VOX.

June 2012

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

During 2012, Dundee REIT also completed public offerings for the issuance of 16.9 million units, raising gross proceeds of \$604.8 million. The Company purchased 754,800 Dundee REIT units at a cost of \$26.9 million pursuant to the public offerings.

See “*Business of the Company – Equity Accounted Investments – Dundee Real Estate Investment Trust*” for further details regarding the Company’s investment in Dundee REIT.

December 2011

- The Company completed its first investment in the agricultural sector by acquiring a controlling interest in Blue Goose Capital Corp. (“**Blue Goose**”), a Canadian private company focused on the production of clean protein. Clean protein is achieved through the raising of livestock in a purely organic environment, including feed from organically grown crops, and by employing the highest standards of animal husbandry and welfare, with no use of artificial growth hormones or antibiotics. At December 31, 2012, the Company held an 83% interest in Blue Goose.
- The Company and Dundee Capital Markets Inc. (“**DCM**” or “**Dundee Capital Markets**”), the parent company of DSL, jointly announced that they had entered into an arrangement agreement under which the Company would acquire all of the outstanding common shares of DCM not already owned by the Company at a price of \$1.125 per share, by way of a court approved arrangement under the *Business Corporations Act* (Ontario) (the “**Arrangement**”).

Shareholders of DCM approved the Arrangement on January 31, 2012, and on February 1, 2012, the Company and DCM completed the Arrangement. Pursuant to the Arrangement, the Company acquired ownership and control of all of the issued and outstanding Common Shares that it did not already own. Total cash paid for completion of the transaction was \$88 million.

September 2011

- The Company launched a substantial issuer bid (the “**Issuer Bid**”) to purchase for cancellation up to 10 million of its Subordinate Voting Shares for \$23.75 per share. The Issuer Bid provided shareholders with an opportunity to realize on all or a part of their investment in the Company in quantities which might not otherwise be available in the market. The purchase price of \$23.75 per share represented a premium of approximately 15% over the September 9, 2011 closing price of the Subordinate Voting Shares on the TSX, the last day the Subordinate Voting Shares traded prior to the announcement of the Issuer Bid.

The Issuer Bid expired on October 19, 2011, with 12.6 million shares having been deposited and not withdrawn. The Company took up and paid for 10 million of the Subordinate Voting Shares deposited on a pro rata basis, with the balance of 2.6 million Subordinate Voting Shares having been returned to shareholders. The Subordinate Voting Shares purchased under the Issuer Bid represented approximately 16.2% of the Subordinate Voting Shares issued and outstanding as of October 19, 2011. After cancellation of the Subordinate Voting Shares purchased pursuant to the Issuer Bid, there were approximately 51.7 million Subordinate Voting Shares outstanding.

The aggregate consideration paid for the 10 million shares purchased and cancelled was \$237.5 million. The Company funded the purchase price using working capital provided through its established credit facilities as well as the sale of certain of its available for sale securities, including BNS Preferred Shares.

August 2011

- Dundee International Real Estate Investment Trust (“**Dundee International REIT**”) completed its initial public offering of 27 million trust units at \$10.00 per unit and \$140 million 5.5% convertible unsecured subordinated debentures due July 31, 2018 as well as the issuance of an additional 4.1 million units at \$10.00 per unit and \$21 million 5.5% convertible unsecured subordinated debentures pursuant to the exercise by the underwriters of the over-allotment option with respect to the initial public offering. Most recently, in the first quarter of 2013, Dundee International REIT completed a financing, on a bought deal basis, of 20,200,000 units and entered into an agreement to acquire a 1.5 million square foot portfolio of office properties in Germany for approximately \$568 million.

See “*Business of the Company – Equity Accounted Investments – Dundee International REIT*” for further details regarding the Company’s investment in Dundee International REIT.

June 2011

- Breakwater Resources Ltd. (“**Breakwater**”), a mining, exploration and development company that produces zinc, copper, lead and gold concentrates from mines located in Canada, Chile and Honduras, announced that it had entered into a binding agreement with Nyrstar NV (“**Nyrstar**”), a global multi-metals company, to complete an all-cash offer to sell all of the outstanding common shares of Breakwater to Nyrstar (the “**Nyrstar Offer**”). Under the terms of the Nyrstar Offer, shareholders of Breakwater received \$7.00 per common share and a special dividend of \$0.50 per common share, which was declared by Breakwater immediately prior to the sale of Nyrstar.

On completion of the transaction, Dundee received cash of approximately \$155 million for its interest in Breakwater, including \$144.7 million from the direct sale of its common share holdings to Nyrstar and a \$10.3 million special dividend.

February 2011

- The Company completed the sale of its interest in DundeeWealth Inc. (“**DundeeWealth**”) pursuant to an offer by The Bank of Nova Scotia (“**Scotiabank**”) (the “**DundeeWealth Transaction**”). Prior to February, 2011, the Company’s most significant holding was its 48% direct and indirect equity ownership and approximately 60% voting control of DundeeWealth, a diversified wealth management company.

In connection with the DundeeWealth Transaction, the Company received 18,599,028 common shares and 14,897,209 3.70% preferred shares of Scotiabank. In addition, the Company received a cash dividend of \$149 million from DundeeWealth and 74,484,956 common shares of Dundee Capital Markets, representing an approximate 48% interest.

Additional information relating to the terms of the DundeeWealth Transaction is described in the Management Information Circular of the Company dated December 15, 2010, which is available on SEDAR at www.sedar.com.

BUSINESS STRATEGY

As a holding company, Dundee, for its own account, essentially acts as a traditional merchant bank providing capital for those companies engaged in resources, real estate, agriculture and infrastructure.

As an investment bank, we also arrange for capital for third party partners and clients. We are well positioned, through “Dundee Goodman Private Wealth”, a brokerage operation specializing in retail private wealth clients, and “Dundee Capital Markets”, a wholly-owned division that provides capital to third party companies-including special situations and those operating in our core areas of expertise. We look forward to growing our assets and those of our clients over the foreseeable future. Our vision is to build long term increasing value in everything we do.

Dundee remains solidly long-term positive in our forecasted scenario whereby demand for most commodities, including food, will continue to exceed the world’s ability to supply. Management has made and previously discerned the decision that the paradigm shift that has taken place in global commodity demand will continue. As such, we continue to shelter our Company from future global inflation by investing on behalf of third parties and for our own account in high quality assets and businesses that demonstrate those multi-faceted opportunities to achieve sustained growth in core sectors and high returns on invested capital, while increasing our fees for asset management over the long term. The Company works to continue to achieve growth and value from its capital markets activities, as well as direct and fiduciary positions in acquired assets. We are focussed on increasing our assets under administration and management for private wealth clients over time.

Dundee’s overall mission for 2013 and beyond is to continue to build its capital markets and private wealth divisions into first class entities, while also keeping the ability to invest for our own account in any investment that meets our investment requirements. The Company’s balance sheet remains strong and is essentially debt free. By using the financial advantage that comes from the liquid position of our assets and very low debt, the Company is able to provide support to any equity or debt issue that may require our services. Management believes that the Company is well positioned, both financially and with expertise, to execute upon its strategic plans.

BUSINESS OF THE COMPANY

OVERVIEW

The Company raises, invests and manages capital on its own behalf and on behalf of its co-investors, and it develops and maintains operating platforms that enable it to effectively manage these assets and enhance their values over time. The Company 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 Company’s activities include the management of assets, both domestic and international, consisting of:

1. 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
2. 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.

In addition to the information provided in this AIF about the Company’s operations, subsidiaries and investee companies of Dundee which are reporting issuers have filed public disclosure documents containing detailed information specific to their respective operations. Copies of these documents may

be obtained on SEDAR at www.sedar.com. A description of the Company's operations, material subsidiaries, equity accounted investments and certain investee companies follows.

SUBSIDIARIES

Goodman Investment Counsel Inc.

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

GIC acts as sub-advisor to certain DundeeWealth funds, namely the Dynamic Focus+ Resource Fund and DMP Resource Class, under a sub-advisory agreement. The sub-advisory agreement provides GIC with a share of management and performance fee revenues as they are generated.

In addition, GIC provides advisory and investment services to Ravensden Alternative Group, an investment trust established by GIC in late 2009. At December 31, 2012, this investment entity had raised \$82.5 million, including \$75.4 million invested directly by the Company.

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

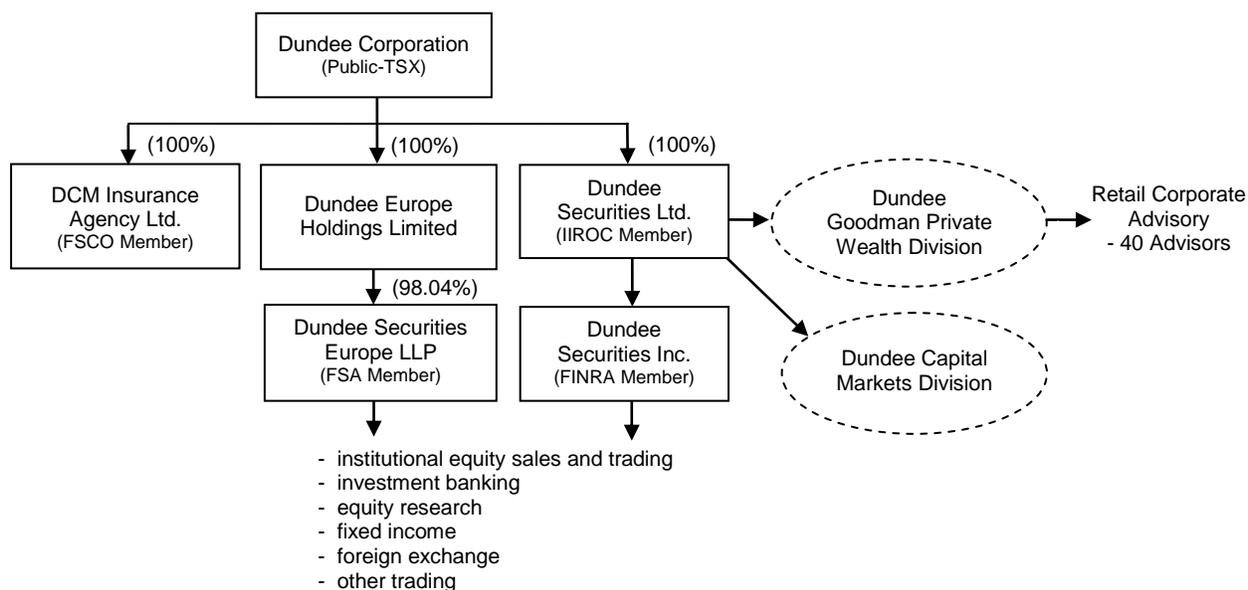
During the year ended December 31, 2012, GIC earned management fee revenue of \$3.4 million (2011 - \$5.2 million) and it incurred a net loss of \$4.1 million (2011 - net earnings of \$0.5 million). The decrease in revenue, and the corresponding decrease in net earnings reflects a decline in the value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

Dundee Securities Ltd.

Dundee Securities is a full-service Canadian investment dealer with offices in Toronto, Montreal, Vancouver and Calgary and whose principal business include investment banking, mergers and acquisitions, institutional sales and trading, investment, research, private client financial advisory and management of investment products. DSL has expertise in specific sectors, namely, mining, energy, real estate, infrastructure, fertilizers & agriculture and other special situations.

On February 1, 2012, the Company successfully completed the acquisition of all the outstanding common shares of Dundee Capital Markets that it did not already own for cash of \$1.125 per share, by way of a court approved plan of arrangement under the *Business Corporations Act* (Ontario). Total cash paid for completion of the transaction was \$88.0 million. See "*The Company - Business Highlights*" for further details regarding this transaction.

The Company's capital markets and personal investment advisory business is structured as follows:



DSL is a member of the Investment Industry Regulatory Organization of Canada (“IIROC”) and the Canadian Investor Protection Fund. DSL’s registered affiliates are: Dundee Securities Inc., a member of the Financial Industry Regulatory Authority that is registered as a broker dealer with the U.S. Securities Exchange Commission and with applicable regulators in certain States in the United States, Dundee Securities Europe LLP, which is registered with the United Kingdom’s Financial Services Authority for the purposes of security broking and asset management, and DCM Insurance Agency Ltd., which is licensed by the Financial Services Commission (“FSCO”) of Ontario to carry on business as a life insurance agency. DSL (and one or more of its registered affiliates) carries on the capital markets business, insurance business and the retail corporate advisory business.

DSL’s other capital markets activities consist of investment banking, institutional equity sales and trading, and equity research. It has aligned its principal focus into specific sector coverage, namely, resources, real estate and infrastructure, diversified industries and special situations. The resources sector comprises mining, energy, fertilizers and agriculture. The capital markets group focuses on new ideas and the analysis of companies within these sectors to provide innovative research, trading strategies and opportunities for its institutional and retail clients.

As of December 31, 2012, DSL had 243 employees.

Investment Banking

DSL’s investment banking group 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. The majority of the fees are usually received in the form of cash, but occasionally may include stock and/or warrants. The investment banking group has industry knowledge and insight, technical expertise, transaction experience and specialized capabilities in its core sectors.

Underwriting

DSL's underwriting business consists primarily of raising equity financing for public and, to a lesser extent, private issuers by providing them access to the capital markets. The underwriting business may involve originating and executing transactions on behalf of corporate clients by distributing offered securities to institutional and retail clients. DSL's role in such transactions is either as a lead underwriter (often in combination with a syndicate of investment dealers managed by it), where DSL manages and executes the transaction or as a co-manager, where DSL participates as a member in a syndicate of investment dealers. DSL participates in these transactions either as an underwriter where securities are purchased from the issuer and re-sold to investors or as an agent, where DSL intermediates the sale between the issuer and investors but generally does not put its own capital at risk. When acting as an underwriter, DSL's capital is at risk for the period between entering into the underwriting commitment and completing the re-sale of the securities to investors. DSL generates revenue from providing these services primarily through underwriting fees or commissions, which are generally contingent on the completion of the financing.

Advisory Services

DSL 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. DSL is generally compensated for its advisory services through success-based fees, with the bulk payable upon transaction completion, and in some instances there will be work fees or milestone payments that are credited against any success fee. For providing professional opinions, DSL is generally compensated through fixed fees, the majority of which are payable upon completion of specific stages of the mandate. As M&A mandates are often unpredictable and complex and there is often a long lead-time between engagement and completion, these revenues can vary significantly from period to period.

Institutional Equity Sales and Trading

The primary focus of the institutional equity sales and trading group is the selling, purchasing and trading of equity and equity-related securities on behalf of institutional clients, including mutual funds, hedge funds, pension funds, banks and insurance companies, generally involving trading of listed and over-the-counter securities. DSL earns commissions from institutional clients for acting as agent in executing these trades on their behalf. This trading is primarily done on an agency basis, but DSL 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. DSL utilizes its own capital for liability trading, both for its own account as well as to improve liquidity and facilitate institutional client transactions, which also assists DSL in generating commissions. The losses DSL incurs as a result of liability trading are treated as a cost of earning commission revenue.

Investment Research

The research group provides retail investment advisors and institutional clients with actionable ideas through reports and opinions on companies in DSL's core industry sectors to assist them in investment decisions and opportunities. As of December 31, 2012, the research group had a total of 31 professionals providing research coverage on 165 specific companies with a principal focus on its core sectors of mining, energy, real estate, and fertilizers & agriculture.

Retail Corporate Advisory

As of December 31, 2012, the retail corporate financial advisory group was comprised of 40 retail investment advisors, 16 of whom are licensed portfolio managers and 8 of whom are licensed insurance advisors. These advisors are employees of DSL and are located in the Company's corporate offices in

Toronto, Montreal, Vancouver, Calgary and London, England. This group had assets under administration valued at approximately \$3.1 billion (2011 – \$3.2 billion) and had assets under management valued at approximately \$778 million as at December 31, 2012 (2011 – \$851 million) and 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 DSL's investment banking group.

Wealth Management Products and Services

The wealth management products and services offered by DSL and DCM Insurance Agency Ltd. include the following: equity securities including new issue and private issues of 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, and foreign exchange. DSL's retail advisory business generated management fees of \$6 million in 2012.

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.

Dundee Realty Corporation

The Company's current real estate operating activities are conducted through its 70% interest in Dundee Realty, one of Canada's leading, privately owned real estate companies. The scope of Dundee Realty's business includes residential land development, housing and condominium development, and residential and commercial property ownership across Canada and in the United States. As of February 28, 2013, Dundee Realty had 141 employees.

On December 14, 2012, the Company announced that the Board of Directors had approved, in principle, to proceed with a corporate restructuring, through a tax efficient plan of arrangement (the "**DRC Arrangement**") that will distribute to the Company's shareholders a 50% interest in Dundee Realty, the Company's 70% owned real estate subsidiary. The Company will retain a 20% interest in Dundee Realty, with Mr. Michael Cooper, the President and Chief Executive Officer of Dundee Realty, retaining the remaining 30%. The Company's press release dated December 14, 2012, is specifically incorporated herein by reference and is accessible under the Company's profile on SEDAR at www.sedar.com. Further details regarding the DRC Arrangement will be provided to shareholders in accordance with applicable securities laws.

Dundee Realty has also established DREAM, a division of Dundee Realty focused on management and advisory services encompassing commercial real estate and real estate development, as well as investment in Canadian renewable energy infrastructure assets. Agreements for management and advisory services contain a remuneration formula that includes a base annual management fee, determined as a percentage of gross asset value of properties, an incentive fee for performance in excess of established benchmarks, a capital expenditures fee for capital projects, and fees for the completion of acquisitions and for the completion of financing arrangements.

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

At December 31, 2012, Dundee Realty managed real estate assets with an estimated value of \$10.9 billion (2011 – \$7.0 billion) and realized management fee revenues pursuant to these arrangements of

\$48.5 million, doubling the management fee revenue of \$24.4 million earned in the prior year. The increase in management fee revenues reflects \$1.9 billion of new acquisitions completed by Dundee REIT, including the acquisition of a 67% interest in the Scotia Plaza complex in downtown Toronto.

Dundee Energy Limited

Dundee Energy (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 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) the development of an offshore gas storage facility in Spain, being the Castor Project; and, (iii) a preferred share interest in Eurogas International Inc. As of December 31, 2012, the Company owns, directly and indirectly, a 56.6% 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 1, 2013, DELP had approximately 35 full time employees, plus various seasonal employees, including 18 unionized employees.

Southern Ontario Assets

Through a combination of strategic acquisitions in 2010 and 2011, DELP, a wholly-owned limited partnership of Dundee Energy, owns a 90% working interest in 84,000 acres of onshore oil properties and a 65% working interest in 904,000 acres of offshore gas properties, all located in and around Lake Erie in Ontario, Canada, referred to herein as the "Southern Ontario Assets". The Southern Ontario Assets also include a 100% ownership interest in an onshore drilling rig, and a 65% interest in certain other assets, including an offshore fleet of drilling and completion barges and six gas plants and compressor stations that are located onshore and process offshore dry gas.

DELP's acquisition of the Southern Ontario Assets provides Dundee Energy with growth opportunities, including a significant number of development drilling locations, as well as opportunities for well recompletions and the optimization of the existing infrastructure system. Importantly, the acquisitions have provided Dundee Energy with the potential for the development of gas storage reservoirs, the feasibility of which will require further evaluation.

Castor Underground Gas Storage Project

Dundee Energy holds an indirect interest in the Castor underground gas storage project, a Spanish infrastructure project designed to convert the abandoned Amposta oil field, located off the eastern Mediterranean coast of Spain, to a natural gas storage facility (the "**Castor Project**"). The Castor Project is owned by Escal and is managed by ACS Servicios Comunicaciones y Energia S.L. ("**ACS**"), the largest construction group in Spain and a 67% shareholder of Escal. Dundee Energy's 74% owned subsidiary, Castor UGS Limited Partnership ("**CLP**"), owns the remaining 33% of Escal.

CLP has entered into certain agreements with ACS and with Enagas, S.A., ("**Enagas**"), Spain's top natural gas transportation company, the technical manager of the Spanish gas system and common carrier for the gas network in Spain. These agreements provide that within 15 days of the formal inclusion into the Spanish gas system of the Castor Project, ACS will sell and Enagas will buy 50% of ACS' interest in Escal based on a pre-established pricing formula at which point CLP, ACS and Enagas will each own 33% of the equity of Escal. In addition, and for a period of 180 days after the formal inclusion into the Spanish gas system of the Castor Project, CLP may sell part or all of its shares in Escal to ACS and/or Enagas on essentially the same terms and conditions, including the pre-established pricing formula, as are offered to Enagas.

During the second quarter of 2012, the Government of Spain announced certain regulatory modifications to the remuneration regime applicable to underground gas storage facilities. In December 2012, the

Spanish authorities finalized amendments to the remuneration of underground natural gas storage projects, which Escal and its lenders supported. Escal is currently in the process of negotiating an amendment to the project financing facility so as to enable the drawdown of the balance of the project financing facility.

Final inclusion of the Castor Project into the Spanish gas system remains contingent on the injection of cushion gas, which is expected to be completed in the first half of 2013, the subsequent completion of the necessary performance and control testing, and the conclusion of the audit by the Spanish authorities of the expenditures forming the remuneration basis.

Further details on the business of Dundee Energy, including construction of the Castor Project and the associated remuneration system, are detailed in Dundee Energy's management's discussion and analysis as at and for the year ended December 31, 2012, which may be accessed at www.sedar.com or at www.dundee-energy.com.

Blue Goose Capital Corp.

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

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

Blue Goose has expanded its land holdings to over 1.0 million acres under management. Blue Goose's land portfolio includes both freehold (deeded) acres and leasehold acreage in British Columbia and Ontario. Blue Goose seeks to acquire high quality productive acreage that is fully irrigated and which provides quality hay fields for feed production and cattle grazing. With the expansion of its land portfolio, Blue Goose has increased its organic cattle herd to 8,500 at December 31, 2012 from just over 3,500 at December 31, 2011. In addition to its organic cattle herd in British Columbia and Ontario, Blue Goose expanded its operations into the United States with the acquisition of Emma Farms Cattle Company for \$1.5 million. The acquisition adds a herd size of 225 purebred Wagyu in the states of Colorado and Oklahoma. Blue Goose also acquired a transportation company and it is in the process of constructing a federally regulated abattoir on one of its owned properties in British Columbia.

During 2012, Blue Goose expanded its product line through the acquisition of a rainbow trout fish farm operating as Meeker Aquaculture on Manitoulin Island, Ontario, for approximately \$2.0 million. Included as part of Blue Goose's acquisition in Meeker Aquaculture was a fish composting operation. Current production of this organic compost, created by mixing by-products from Ontario's fish and forestry industries, is upwards of 40 tonnes per week.

During 2012, Blue Goose earned revenues of \$7.9 million, including \$0.6 million from sales of fish protein relating to the Meeker acquisition. Approximately 50% of beef sales are to a leading retailer of natural and organic foods and the marketing of products has historically been focused on western Canada. As part of its enhanced business plan, Blue Goose intends to expand its brand recognition within British Columbia and expand its beef product sales into Ontario and other provinces in Canada. Similarly, Blue Goose intends to expand its sales of organic rainbow trout currently sold in Ontario by leveraging off its existing client base in western Canada.

Nichromet Extraction Inc.

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

In February 2013, Nichromet announced the receipt of a \$5 million grant from the Government of Canada through Sustainable Development Technology Canada for the development of a demonstration pilot plant project. The grant is a strong endorsement of Nichromet's scientific advancements and technologic process towards commercialization of its patented processes.

Eurogas International Inc.

Eurogas International Inc. (CNSX:EI) is an independent oil and natural gas company currently engaged in exploration and evaluation activities through its 45% working interest in the Sfax offshore exploration permit (“**Sfax Permit**”), located offshore Tunisia and covering approximately 800,000 acres located within a prolific hydrocarbon fairway, the Belgian Basin, extending from offshore Libya, through the Gulf of Gabes, to onshore Tunisia. It is surrounded by producing oil and natural gas fields to the west, north and east, including the producing Ashtart oil field that lies along the southeast boundary. On November 2, 2012, the Tunisian authorities awarded a renewal of the Sfax Permit from December 9, 2012 to December 8, 2015. Further details on the business of Eurogas International Inc. may be accessed under its profile at www.sedar.com.

EQUITY ACCOUNTED INVESTMENTS

Dundee Precious Metals Inc.

Dundee Precious Metals Inc. (TSX:DPM) (“**DPM**” or “**Dundee Precious**”) is a Canadian based, international mining company engaged in the acquisition, exploration, development, mining and processing of precious and base metals in Bulgaria, Namibia, Armenia and Serbia. Its common shares and share purchase warrants (symbols: DPM and DPM.WT.A) are traded on the TSX.

DPM's principal subsidiaries include:

- 100% of Chelopech Mining EAD, which owns and operates a gold, copper and silver mine located east of Sofia, Bulgaria;
- 100% of Deno Gold Mining Company CJSC, which owns and operates a gold, copper, zinc and silver mine located southeast of the capital city of Yerevan in southern Armenia;
- 100% of Balkan Mineral and Mining EAD, focused on the development of a gold property located in southeastern Bulgaria, near the town of Krumovgrad;
- 100% of Namibia Custom Smelters (Pty) Limited, which owns and operates a processing facility located in Tsumeb, Namibia;
- 51.4% of Avala Resources Ltd., a TSX Venture Exchange listed company (TSXV:AVZ) focused on the exploration and development of the Timok and Potoj Cuka copper and gold projects in Serbia; and

- 47.3% of Dunav Resources Ltd., a TSX Venture Exchange listed company (TSXV:DNV) focused on the exploration and development of the Tulare copper and gold project, the Surdulica molybdenum project, and other early stage projects in Serbia.

At February 28, 2013, the Company held approximately 30 million common shares and 3.6 million warrants of DPM with an aggregate market value of approximately \$253.7 million, representing an approximate 26% partially diluted interest in DPM.

Further details on the business of DPM may be accessed under its profile at www.sedar.com.

Dundee Real Estate Investment Trust

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

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

During 2012, Dundee REIT completed public offerings for the issuance of 16.9 million units, raising gross proceeds of \$604.8 million. The Company purchased 754,800 units at a cost of \$26.9 million pursuant to these public offerings. At December 31, 2012, the Company held 6.0 million units of Dundee REIT with a market value of \$225.4 million, representing a 6% equity interest. Included in the Company's aggregate investment in Dundee REIT at December 31, 2012 are 1.1 million units with a market value of \$42.0 million that are held directly by Dundee Realty.

For additional discussion of Dundee REIT see also “*The Company – Business Highlights*” and under Dundee REIT's profile at www.sedar.com.

Dundee International Real Estate Investment Trust

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

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

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

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

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

During 2012, the Company's share of earnings from its investment in Dundee International REIT was \$11.5 million and the Company received cash distributions of \$10.2 million. For additional discussion of Dundee International REIT see its profile at www.sedar.com.

360 VOX Corporation

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

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

At December 31, 2012, the Company held 48 million shares of 360 VOX with a market value of \$6.5 million. During 2012, equity losses from the Company's investment in 360 VOX were \$0.8 million. Further details on the business of 360 VOX may be accessed under its profile at www.sedar.com.

DIRECT INVESTMENTS

Union Group International Holdings Limited

In the first quarter of 2013 the Company made a strategic investment in Union Group International Holdings Limited ("**Union Group**") by investing US\$20 million to acquire a 25% interest in a rapidly growing company operating in Latin America focused on resources, agriculture and real assets.

Union Group is a holding company with business interests that span a spectrum of real assets in emerging Latin-American countries. Founded by Uruguayan entrepreneur Juan Sartori in 2007, Union Group has expanded from its initial focus in agriculture into mining, oil and gas, power generation, real estate and infrastructure and now manages assets valued in excess of US\$1 billion.

Other Investments

The Company's other investments include investments in both publicly listed and private companies in a variety of sectors as well as investments in highly liquid securities such as mutual funds. During 2012, the Company invested a total of \$364.2 million in portfolio investments (2011 – \$317.2 million), with a

focus in the areas of the Company's core competencies. New investments were funded using proceeds on dispositions of other investments, which totalled \$642.8 million during 2012.

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.

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, 2012, the Company had the following securities outstanding:

Subordinate Voting Shares	50,946,478
Common Shares	3,116,333
First Preference Shares, Series 1 Shares	6,000,000
First Preference Shares, Series 2 Shares	5,200,000
5.85% Exchangeable Unsecured Subordinated Debentures	6,749

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, 2012, there were issued and outstanding 50,946,478 Subordinate Voting Shares and 3,116,333 Common Shares and such outstanding Subordinate Voting Shares represented an aggregate of 14.1% 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, the 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 1 Shares

There are 6,900,000 First Preference Shares, Series 1 ("**Series 1 Shares**") authorized to be issued. As of December 31, 2012, there were 6,000,000 Series 1 Shares outstanding.

Voting Rights

Holders of Series 1 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 1 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 1 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 1 Shares are redeemable at the option of the Company for a cash price of:

- \$25.75 per Series 1 Share, if redeemed on or after June 30, 2012 and prior to June 30, 2013;
- \$25.50 per Series 1 Share, if redeemed on or after June 30, 2013 and prior to June 30, 2014;
- \$25.25 per Series 1 Share, if redeemed on or after June 30, 2014 and prior to June 30, 2015; and
- \$25.00 per Series 1 Share, at any time on or after June 30, 2015,

together with all accrued and unpaid dividends thereon; provided that redemptions prior to June 30, 2011 shall be limited to circumstances where notice of such redemption was given, in accordance with the articles of the Company, prior to, or within 10 days after a meeting of shareholder of the Company is held at which the Series 1 Shares are entitled to vote separately as a class or series and for which a record date has been established.

Prior to June 30, 2016, a holder of Series 1 Shares cannot require the Company to redeem any Series 1 Shares. On or after June 30, 2016, a holder of Series 1 Shares may require the Company to redeem such shares for a cash price of \$25.00 per share, together with all accrued and unpaid dividends thereon.

Conversion Rights

Subject to compliance with all applicable laws, including receipt of all necessary regulatory approvals, the Series 1 Shares are convertible, at the option of the Company, into Subordinate Voting Shares at any time prior to June 30, 2016; provided that any such conversion prior to June 30, 2011 shall only be permitted if notice of such conversion was given, in accordance with the articles of the Company within 10 days after the date on which a meeting of the shareholders of the Company was held at which the Series 1 Shares were entitled to vote separately as a series or as part of a class, or prior thereto if the record date for such meeting has been established.

The number of Subordinate Voting Shares into which each Series 1 Share may be so converted will be determined by dividing the then applicable redemption price per Series 1 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 1 Shares.

Repurchase Rights

The Company may purchase for cancellation all or any part of the then outstanding Series 1 Shares on the open market by private agreement or otherwise.

Dividends

The holders of Series 1 Shares are entitled to receive quarterly fixed cumulative preferential cash dividends, if, as and when declared by the board of the directors of the Company, in an amount equal to \$1.25 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 1 Shares are entitled to receive from the assets of the Company an amount equal to \$25.00 per Series 1 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 1 Shares.

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, 2012, there were 5,200,000 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:

- \$25.50 per Series 2 Share, if redeemed on or after September 30, 2012 and prior to September 30, 2013;
- \$25.25 per Series 2 Share, if redeemed on or after September 30, 2013 and prior to September 30, 2014; or
- \$25.00 per Series 2 Share, if redeemed on or after September 30, 2014,

together with all accrued and unpaid dividends to the date fixed for redemption.

Conversion Rights

The holders of Series 2 Shares shall have the right on September 20, 2014 and 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 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 \$1.6875 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 Series 3 First Preference Shares, Series 3 (“**Series 3 Shares**”) authorized to be issued. As of December 31, 2012, there were no 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 the 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.

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, 2012, 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, 2012, 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, 2012, approximately \$6.7 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 1 Shares and Series 2 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 and Series 2 Shares of the Company outstanding during the financial years ended December 31, 2012, 2011 and 2010:

Dividends per Outstanding Share	2012	2011	2010
Series 1 Shares	\$1.25	\$1.25	\$1.25
Series 2 Shares	\$1.6875	\$1.6875	\$1.6875

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, 2012:

Month	High Price (Cdn. \$)	Low Price (Cdn. \$)	Close Price (Cdn. \$)	Traded Volume
January 2012	24.50	23.42	24.19	1,356,544
February 2012	24.31	23.43	24.26	923,510
March 2012	25.03	23.70	24.99	1,253,243
April 2012	24.88	23.90	24.47	2,782,260
May 2012	24.69	21.55	21.74	614,534
June 2012	23.49	21.53	22.68	1,283,757
July 2012	23.11	21.60	21.81	1,884,136
August 2012	22.88	21.16	22.86	3,471,587
September 2012	24.87	22.77	24.72	2,125,473
October 2012	25.16	24.12	25.10	1,800,595
November 2012	26.20	24.04	25.74	2,090,481
December 2012	31.21	25.60	30.65	2,240,127

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, 2012:

Month	High Price (Cdn. \$)	Low Price (Cdn. \$)	Close Price (Cdn. \$)	Traded Volume
January 2012	117.00	112.00	113.00	630
February 2012	115.80	115.80	115.80	150
March 2012	124.00	115.68	118.21	1,970
April 2012	124.58	118.99	122.50	2,900
May 2012	126.85	117.84	121.50	6,540
June 2012	127.41	122.00	127.41	460
July 2012	134.40	128.50	134.40	3,700
August 2012	130.00	125.00	130.00	2,790
September 2012	126.00	125.02	126.00	790
October 2012	123.00	118.02	118.02	990
November 2012	120.00	118.00	120.00	860
December 2012	124.50	122.00	124.50	1,070

SERIES 1 SHARES

The Series 1 Shares are currently listed and posted for trading on the TSX under the symbol DC.PR.A.

The following table sets forth information relating to the price range and volume traded for the Series 1 Shares on a monthly basis for each month in the fiscal year ended December 31, 2012:

Month	High Price (Cdn. \$)	Low Price (Cdn. \$)	Close Price (Cdn. \$)	Traded Volume
January 2012	26.38	25.50	25.94	45,615
February 2012	26.20	25.52	26.00	44,261
March 2012	26.10	25.21	25.33	42,082
April 2012	25.90	25.33	25.51	202,576
May 2012	25.74	25.30	25.50	34,880
June 2012	25.85	25.30	25.55	64,278
July 2012	25.85	25.41	25.70	389,876
August 2012	25.75	25.41	25.59	149,318
September 2012	25.85	25.42	25.80	211,780
October 2012	26.44	25.80	26.30	271,329
November 2012	26.14	25.65	25.83	19,463

Month	High Price (Cdn. \$)	Low Price (Cdn. \$)	Close Price (Cdn. \$)	Traded Volume
December 2012	26.24	25.20	26.24	60,365

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 for 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, 2012:

Month	High Price (Cdn. \$)	Low Price (Cdn. \$)	Close Price (Cdn. \$)	Traded Volume
January 2012	27.10	26.20	27.00	59,247
February 2012	27.10	26.52	26.84	30,389
March 2012	27.00	26.02	26.05	48,892
April 2012	26.85	26.05	26.20	51,775
May 2012	26.69	26.05	26.55	82,210
June 2012	26.66	25.78	26.09	59,459
July 2012	26.75	26.13	26.65	26,396
August 2012	26.65	26.33	26.55	107,044
September 2012	26.52	25.70	26.42	25,110
October 2012	26.63	26.07	26.46	36,835
November 2012	26.67	26.15	26.44	32,411
December 2012	26.60	25.61	26.11	55,733

RATINGS

On December 7, 2012 the Company announced that it chose to discontinue the services of each of Standard & Poor's and DBRS with regard to maintaining a credit rating for the Company. The Company has determined that since it has limited amounts of public debt outstanding, and no current intention to issue additional public debt, there is no need for it to maintain the credit ratings, nor incur the significant associated costs of maintaining such ratings.

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 December 31, 2012.

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			
Normand Beauchamp ^{(1) (2)} Québec, Canada	Director	1991	President, Capital NDSL Inc., an investment company
Michael Cooper Ontario, Canada	Director	2009	President and Chief Executive Officer, Dundee Realty, a real estate company
David Goodman Ontario, Canada	Director	2009	Scotiabank, Global Asset Management Advisory Board
Jonathan Goodman Ontario, Canada	Director	1996	Chairman, Dundee Precious, an operating mining company
Ned Goodman Ontario, Canada	President, Chief Executive Officer and Director	1991	President and Chief Executive Officer and director, Dundee and Goodman Investment Counsel
Harold P. Gordon Florida, U.S.A.	Chairman and Director	2000	Chairman, Dundee
Ellis Jacob ^{(1) (3)} Ontario, Canada	Director	2008	President and Chief Executive Officer, Cineplex Inc., an entertainment company
Dr. Frederick H. Lowy ⁽³⁾ Québec, Canada	Director	1999	Retired
Garth A. C. MacRae ⁽¹⁾ Ontario, Canada	Director	1991	Retired
Robert McLeish ^{(1) (2) (3)} Ontario, Canada	Lead Director	2002	Independent Consultant
K. Barry Sparks ⁽¹⁾ Ontario, Canada	Director	1993	President, Torvan Capital Group, a corporate advisory and management company
Jeremy Soames ^{(2) (3)} London, England	Director	2012	Chairman, Barbican Managing Agency Limited
A. Murray Sinclair, Jr. ⁽²⁾ British Columbia, Canada	Director	2012	Chairman, Sprott Resource Lending Corp.
Non-Director Officers			
Sivan Fox Ontario, Canada	Vice President, Legal	N/A	Vice President, Legal, Dundee
Mark Goodman Ontario, Canada	Vice President	N/A	Vice President, Dundee and Executive Chairman of the Board of Directors of Cogitore Resources Inc.
Lili Mance Ontario, Canada	Corporate Secretary	N/A	Corporate Secretary, Dundee

Name and Place of Residence	Position Held in the Company	Director Since	Principal Occupation
Perina Montesano Ontario, Canada	Vice President, Internal Audit	N/A	Vice President, Internal Audit, Dundee
Kevin Ng Ontario, Canada	Vice President, Taxation	N/A	Vice President, Taxation, Dundee
Lucie Presot Ontario, Canada	Vice President and Chief Financial Officer	N/A	Vice President and Chief Financial Officer, Dundee

Notes:

- (1) Member of Audit Committee
- (2) Member of Compensation Committee
- (3) Member of Corporate Governance Committee

Each of the foregoing individuals has held his or her present principal occupation or other executive offices with the same company or its predecessors or affiliates for the past five years.

Mr. Gordon was a director of Great Northern Paper, Inc., a private U.S. corporation, until June 3, 2002, approximately seven months before such corporation filed for an arrangement under Chapter 11 of the U.S. Bankruptcy Code on January 9, 2003, followed by liquidation on May 22, 2003 pursuant to Chapter 7 of such Act. Mr. Beauchamp was a director of CINAR Corporation, a company which was, among other things, the subject of a cease trade order. Jonathan Goodman was a director of Tahera Diamond Corporation (“**Tahera**”) from August 2003 to September 29, 2008, which company filed for protection under the *Companies’ Creditors’ Arrangement Act* (Canada) with the Ontario Superior Court of Justice on January 16, 2008. On February 6, 2009, Tahera announced that it had made an application for the voluntary suspension of trading of its common shares on the TSX and on February 9, 2009 the TSX announced the voluntary suspension to be effective immediately and indicated the voluntary suspension would remain in effect until further notice.

As of December 31, 2012, the directors and senior officers of the Company as a group beneficially owned, directly or indirectly, or exercised control over, 5,295,435 Subordinate Voting Shares, representing approximately 10.4% 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 15.5% equity interest and approximately a 86.6% voting interest in the Company. In addition, Jodamada Corporation, a private company owned by the adult children of Mr. Ned Goodman, including three directors and officers of the Company, being Jonathan Goodman, David Goodman and Mark Goodman, owns in aggregate 6,584,906 Subordinate Voting Shares representing 12.9% of the Subordinate Voting Shares and a 1.8% voting interest.

As of December 31, 2012, Mr. Ned Goodman owned Subordinate Voting Shares and Common Shares representing approximately an 85.8% 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 – Business Highlights*”.

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 Management’s Discussion and Analysis for the year ended December 31, 2012 (the “**2012 MD&A**”) 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 2012.

NORMAL COURSE ISSUER BID

On March 29, 2012, the Company announced that it had received regulatory approval for the renewal of its normal course issuer bid from April 1, 2012 to March 31, 2013. The normal course issuer bid allows the Company to purchase up to a maximum of 2,789,554 Subordinate Shares for subsequent cancellation, representing approximately 10% of the public float at the time approval for the normal course issuer bid was granted. During the year ended December 31, 2012, the Company acquired 912,900 Subordinate Shares at an average cost of \$24.15 per share for cancellation pursuant to the normal course issuer bid.

INTERESTS OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

DUNDEE REALTY CORPORATION

2010 Dundee Realty Share Conversion

On February 5, 2010, Dundee Realty completed an internal reorganization. Prior to the reorganization, Mr. Michael Cooper, the President of Dundee Realty indirectly owned, through a personal holding company (“Holdco”) 50.002 Class E Preferred Shares (“**DR Class E Shares**”) of Dundee Realty which were convertible in accordance with their terms into 50.002 non-voting Common Shares (“**DR Non-Voting Common Shares**”) and 50.002 voting Class C Preferred Shares (“**DR Class C Shares**”) of Dundee Realty at a conversion price of \$107,000 per DR Non-Voting common share and \$0.01 per DR Class C Share, based on a vesting schedule that permitted conversion in equal tranches over a period of seven years. As part of the reorganization, the articles of Dundee Realty were amended effective February 5, 2010 to allow for accelerated conversion of the DR Class E Shares into DR Non-Voting Common Shares and DR Class C Shares of Dundee Realty. Prior to the conversion, the directors of Dundee Realty declared a special dividend on the DR Class E Shares in the aggregate amount of \$5,350,143.17. The entire amount of this dividend was immediately reinvested by Holdco to exercise the conversion rights under the DR Class E Shares to acquire DR Non-Voting Common Shares and DR Class C Shares of Dundee Realty. Following this conversion, Holdco owns DR Class C Shares representing 30% of the voting interest in Dundee Realty, with the balance being held by the Company.

Shareholders’ Agreement with Non-Controlling Shareholder

The Company’s interest in Dundee Realty is subject to a shareholders’ agreement with the non-controlling shareholder of Dundee Realty pursuant to which the non-controlling shareholder may require the Company to repurchase the non-controlling shareholder’s interest in Dundee Realty at fair value, determined in accordance with the shareholders’ agreement, for cash.

See also note 34 to the consolidated financial statements of the Company as at and for the year ended December 31, 2012.

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.

Following completion of the DundeeWealth Transaction, the Company holds a significant investment in two classes of shares of Scotiabank. The value of the Company’s equity interest in Scotiabank is subject to market conditions based on the financial performance of Scotiabank, movements in the price of publicly traded bank stocks and general market conditions. Any decrease in the market prices of

Scotiabank shares will reduce the value of these shares which can be realized.

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

GIC, 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 investment 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 investment 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 holding 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, Dundee Realty may not be able to, or may not wish to develop its 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

As an owner of real estate property, Dundee Realty is 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. Dundee Realty has 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 Dundee Realty or Dundee REIT 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, Dundee Realty 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 Dundee Realty's perception of relative risk. Dundee Realty does 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 Dundee Realty's, the risk that such co-venturers/partners could experience financial difficulties which could result in additional financial demands on Dundee Realty or Dundee REIT 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. Dundee Realty attempts 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, Dundee Realty 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. Dundee Realty 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 Dundee Realty 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 Dundee Realty or if Dundee Realty was 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 Dundee Realty's 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, Dundee Realty 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

Dundee Realty's 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 Dundee REIT and Dundee International REIT 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.

Risks Relating to the Oil and Gas Operations of the Company's Subsidiaries

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 Dundee Energy and Eurogas International Inc. depends on its 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 Dundee Energy's reserves will depend not only on its ability to explore and develop any properties it may have from time to time, but also on its 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 Corporation 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 85.8% of the votes attached to all of the Company's shares in aggregate. Accordingly, Mr. Ned Goodman may be able to cause the Company to effect corporate transactions without the consent of the minority shareholders or to cause or prevent a change of control of the Company.

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, 2012 or prior to 2012 but after 2002 which remain in effect are as follows.

1. In connection with the DundeeWealth Transaction, the Company and Mr. Ned Goodman, the President and Chief Executive Officer of the Company, each entered into a non-competition and non-solicitation and confidentiality agreement with Scotiabank effective as of February 1, 2011, which, among other things, restricts each of them for a period of three years from competing, directly or indirectly, with the business of DundeeWealth being: (a) the retail mutual fund business, including the creation, distribution and/or management (including sub-advisory) of retail mutual funds (which comprise open end mutual funds governed by National Instrument 81-102, ETFs, insurance guaranteed mutual funds (commonly called segregated funds) or PPNs linked to any open-end fund); (b) the management of individual segregated managed accounts in a manner substantially similar to the business then conducted by DundeeWealth Investment Counsel (formerly Goodman Private Wealth Management); (c) the mutual fund advisory business, being the sale of mutual funds and other products as described above by licensed advisors (but excluding the IIROC advisors in DSL); and (d) the insurance brokerage business; in each case carried on from time to time in Canada by or on behalf of DundeeWealth. Mr. David Goodman, a director of the Company, entered into a similar non-competition and non-solicitation agreement with Scotiabank for a period ending on the later of: (i) one year after the date on which his employment with DundeeWealth or Scotiabank is terminated; and (ii) February 1, 2014.
2. The 5.85% Trust Indenture, as described under "*Description of Share Capital – Debentures – 5.85% Exchangeable Unsecured Subordinated Debentures.*"

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., Toronto, Ontario.

EXPERTS

The financial statements for the financial year ended December 31, 2012 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 December 31, 2012, the audit committee of the directors of the Company (the "**Audit Committee**") was composed of the following persons:

K. Barry Sparks (Chairman)
Normand Beauchamp
Garth A. C MacRae
Robert McLeish
Ellis Jacob

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 has been the Chief Financial Officer of a private Canadian operating corporation for over 19 years.

Normand Beauchamp

Mr. Normand Beauchamp has served as a director of the Company since its inception in October 1991. Since 1960, he has been active in different areas of the Canadian broadcasting industry, operating and developing radio and television stations and networks. In 1985, he acquired Radiomutuel Inc., a publicly traded communications company, and became President, Chairman and Chief Executive Officer. Mr. Beauchamp is President of Capital NDSL Inc., an investment company, and is also a trustee of BTB Real Estate Investment Trust.

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 19 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.

Ellis Jacob

Mr. Ellis Jacob, C.M. and MBA, has served as a director of the company since June 2008. Mr. Jacob has 25 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 Chairman 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.

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 2012 and 2011, 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	2012 (\$)	2011 (\$)
Audit Fees	1,843,787	1,428,128
Audit-Related Fees	302,000	244,050
Tax Services Fees	314,800	183,269
Other Fees	75,000	292,010
TOTAL	2,535,587	2,147,457

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 2012 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 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 that 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.