DUNDEE CORPORATION

# Management Proxy Circular

## 2012 Annual Shareholders' Meeting

## June 7, 2012 at 4:30 P.M.

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May 9, 2012

Dear Shareholder:

You are invited to attend the Annual Shareholders' Meeting which will be held at:

Le Meridien King Edward Hotel
Sovereign Ballroom
37 King Street East
Toronto, Ontario  M5C 1E9

on June 7th, 2012 at 4:30 p.m. (Toronto time).

The items of business to be acted upon are included in the Notice of the 2012 Annual Meeting of Shareholders and accompanying Management Proxy Circular.  Following the custom of past meetings, we will also review our business operations and will be answering your questions following the formal part of the meeting.

Your participation in Dundee Corporation's business is important.  We have made it easy for you to vote by telephone, internet, mail, facsimile or by coming to the meeting in person.

Please consult the attached Management Proxy Circular which contains all of the information you need about the meeting and how to exercise your right to vote.

Sincerely yours,

**Harold (Sonny) Gordon**
Chairman

**Ned Goodman**
President and Chief Executive Officer

The accompanying Management Proxy Circular as well as our 2011 financial statements, annual information form, quarterly financial information and other information regarding Dundee Corporation is posted on our website at www.dundeecorporation.com and can be accessed through the System for Electronic Document Analysis and Retrieval at www.sedar.com.

**DUNDEE PLACE**
**21st FLOOR**
**1 ADELAIDE STREET EAST**
**TORONTO, ONTARIO**
**M5C 2V9**

**NOTICE OF 2012 ANNUAL MEETING OF SHAREHOLDERS**

**NOTICE IS HEREBY GIVEN** that the annual meeting (the "Meeting") of the shareholders of **DUNDEE CORPORATION** (the "Company") will be held at Le Meridien King Edward Hotel, Sovereign Ballroom, 37 King Street East, Toronto, Ontario M5C 1E9 on June 7th, 2012 at 4:30 p.m. (Toronto time), for the following purposes:

1. to receive the audited consolidated financial statements of the Company for the financial year ended December 31, 2011, together with the auditor's report thereon;

2. to appoint PricewaterhouseCoopers LLP as auditor of the Company for the ensuing year and to authorize the directors of the Company to fix the remuneration of the auditor;

3. to elect the directors of the Company for the ensuing year; and

4. to transact such other business as may properly come before the Meeting or any adjournment or postponement thereof.

**DATED** at Toronto, Ontario as of May 9, 2012.

**By Order of the Board**

LMance

**Lili Mance, Corporate Secretary**

We ask that you promptly sign, date and return the enclosed form(s) of proxy in the enclosed return envelope if it is not your intention to be present at the Meeting. All instruments appointing proxies to be used at the Meeting, or at any adjournment or postponement thereof, must be deposited with Computershare Investor Services Inc. at 100 University Avenue, 9th Floor, Toronto, Ontario, M5J 2Y1, by mail or via facsimile at (416) 263-9524 or 1-866-249-7775 or by telephone or internet at www.investorvote.com as provided in the Circular prior to 5:00 p.m. (Toronto time) on June 5, 2012 or, in the case of any adjournment or postponement thereof, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned or postponed meeting. Instruments appointing proxies not so deposited may not be voted at the Meeting or any adjournment or postponement thereof. See *"Appointment and Revocation of Proxies"* on page 2 and *"Voting by Registered Shareholders"* on page 3 and *"Voting by Non-Registered Shareholders"* on page 4 for voting instructions.

**MANAGEMENT PROXY CIRCULAR**

**GENERAL PROXY INFORMATION**

## SOLICITATION OF PROXIES

**This management proxy circular (the "Circular") is furnished in connection with the solicitation of proxies by the management and directors of Dundee Corporation (the "Company") to be used at the annual meeting of the shareholders of the Company (the "Meeting") to be held at Le Meridien King Edward Hotel, Sovereign Ballroom, 37 King Street East, Toronto, Ontario M5C 1E9 on June 7, 2012 at 4:30 p.m. (Toronto time) and at any adjournment or postponement thereof.**

The Company will bear the cost of soliciting proxies. Proxies may be solicited by mail and the directors, officers or employees of the Company may solicit proxies personally, by telephone or by facsimile. None of these individuals will receive extra compensation for such efforts.

## INFORMATION CONTAINED IN THIS CIRCULAR

This Circular does not constitute the solicitation of a proxy by any person in any jurisdiction in which such solicitation is not authorized or in which the person making such solicitation is not qualified to do so or to any person to whom it is unlawful to make such solicitation.

Shareholders of the Company ("Shareholders") should not construe the contents of this Circular as legal or financial advice and should consult with their own professional advisors in considering the relevant legal, financial and other matters contained in this Circular.

No person is authorized to give any information or to make any representation other than the information and representations contained in this Circular and, if given or made, such information or representation should not be relied upon as having been authorized by the Company. The delivery of this Circular shall not, under any circumstances, create an implication that there has not been any change in the information set forth herein after the date of this Circular.

## NOTICE TO SHAREHOLDERS IN THE UNITED STATES

Dundee Corporation is a corporation existing under the laws of the Province of Ontario, Canada. The solicitation of proxies in this Circular involve securities of a Canadian issuer and are being effected in accordance with Canadian corporate and securities laws. The proxy solicitation rules under the *United States Securities Exchange Act of 1934*, as amended, are not applicable to the Company or this solicitation and, accordingly, this solicitation is not being effected in accordance with such rules. Shareholders should be aware that disclosure requirements under Canadian laws may be different from such requirements under U.S. corporate and securities laws.

The enforcement by investors of civil liabilities under U.S. federal securities laws may be affected adversely by the fact that the Company exists under the laws of the Province of Ontario, that some or all of its officers and directors are not residents of the United States and that all or a substantial portion of its assets may be located outside the United States. You may not be able to sue an Ontario corporation or its officers or directors in a Canadian court for violations of U.S. securities laws. It may be difficult to compel an Ontario corporation and its affiliates to subject themselves to judgment by a U.S. court.

## FORWARD-LOOKING STATEMENTS

This Circular contains statements that constitute "forward-looking statements" within the meaning of applicable securities legislation. The forward-looking information in this Circular is presented for the purpose of providing disclosure of the Company's current expectations, having regard to its current plans and proposals, and such information may not be appropriate for other purposes. Forward-looking statements may also include statements regarding the Company's future plans, objectives or economic performance, or the assumptions underlying any of the foregoing, and other statements that are not statements of historical fact. This Circular uses words such as "may", "would", "could", "should", "will", "likely", "expect", "anticipate", "believe", "intend", "plan", "forecast", "outlook", "project", "estimate" and similar expressions suggesting future outcomes or events to identify forward-looking statements. Any such forward-looking statements are based on information currently available to the Company, and are based on assumptions and analyses made by the Company in light of its experience and its perception of historical trends, current conditions and expected future developments, as well as other factors the Company believes are appropriate in the circumstances. However, whether actual results and developments will conform with such expectations and predictions is subject to a number of risks, assumptions and uncertainties, many of which are beyond the Company's control, and the effects of which can be difficult to predict, including, without limitation, risks, assumptions and uncertainties related to the other factors set out in this Circular and in the Company's annual information form dated March 26, 2012 for the year ended December 31, 2011 (the "2011 AIF") and subsequent filings made with securities commissions in Canada. In evaluating any forward-looking statements in this Circular, the Company cautions readers not to place undue reliance on any forward-looking statements. Readers should specifically consider the various factors which could cause actual events or results to differ materially from those indicated by the Company's forward-looking statements. Unless otherwise required by applicable securities laws, the Company does not intend, nor does it undertake any obligation, to update or revise any forward-looking statements contained in this Circular to reflect subsequent information, events, results, circumstances or otherwise.

## APPOINTMENT AND REVOCATION OF PROXIES

THE PERSONS NAMED IN THE FORM(S) OF PROXY ACCOMPANYING THIS CIRCULAR ARE DIRECTORS AND EXECUTIVE OFFICERS OF THE COMPANY. A SHAREHOLDER HAS THE RIGHT TO APPOINT A PERSON OR COMPANY (WHO NEED NOT BE A SHAREHOLDER), OTHER THAN THE PERSONS NAMED IN SUCH FORM(S) OF PROXY, TO ATTEND AND ACT FOR AND ON BEHALF OF SUCH SHAREHOLDER AT THE MEETING AND AT ANY ADJOURNMENT OR POSTPONEMENT THEREOF. SUCH RIGHT MAY BE EXERCISED BY EITHER INSERTING THE NAME OF THE PERSON TO BE APPOINTED IN THE BLANK SPACE PROVIDED IN THE FORM(S) OF PROXY, OR BY COMPLETING ANOTHER PROPER FORM OF PROXY AND, IN EITHER CASE, DELIVERING THE COMPLETED AND EXECUTED PROXY OR PROXIES TO COMPUTERSHARE PRIOR TO 5:00 P.M. (TORONTO TIME) ON JUNE 5, 2012, OR, IN THE CASE OF ANY ADJOURNMENT OR POSTPONEMENT THEREOF, NOT LESS THAN 48 HOURS (EXCLUDING SATURDAYS, SUNDAYS AND HOLIDAYS) PRIOR TO THE TIME OF SUCH ADJOURNED OR POSTPONED MEETING.

A Shareholder cannot appoint a person to vote his or her shares other than the persons whose names are printed on the form(s) of proxy if the Shareholder decides to vote by telephone.

It is important to ensure that any other person that is appointed by a Shareholder as his, her or its proxyholder attends the Meeting and is aware of such appointment as such Shareholder's proxyholder. Proxyholders should present themselves to a representative of Computershare at the Meeting.

Any Shareholder who executes and delivers a proxy in the manner specified herein may revoke it at any time prior to use by: (i) depositing an instrument in writing that is signed by the Shareholder or by an attorney who is authorized by a document that is signed in writing or by electronic signature by such Shareholder or by transmitting an instrument by telephonic or electronic means that is signed by electronic signature of such Shareholder, either at the registered office of the Company or with Computershare, at any time up to and including the last business day preceding the Meeting or any adjournment or postponement thereof; (ii) depositing such instrument in writing with the Chairman of the Meeting on the day of the Meeting or any adjournment or postponement thereof; or (iii) in any other manner permitted by law. See also *"Voting by Non-Registered Shareholders"* below with respect to the revocation of a proxy by a non-registered Shareholder.

## VOTING BY REGISTERED SHAREHOLDERS

### VOTING BY PROXY

Depending on whether you hold Subordinate Voting Shares and/or Common Shares ("Shares"), you will receive a separate form of proxy in respect of your holding of each class or series of such Shares.

Registered Shareholders can vote their Shares by proxy in the following four ways:

- by telephone, by calling the separate telephone number set out in the enclosed form(s) of proxy from a touch-tone phone and following the instructions set out on such form(s) of proxy (the required access code being the control number on such form(s) of proxy);

- on the internet, at www.investorvote.com by following the instructions set out on the enclosed form(s) of proxy (the required access code being the control number on such form(s) of proxy);

- by mail, by completing, dating and signing the enclosed form(s) of proxy and returning such form(s) of proxy to Computershare (at 100 University Avenue, 9th Floor, Toronto, Ontario M5J 2Y1) in the envelope enclosed with this Circular; or

- by facsimile, by completing, dating and signing the enclosed form(s) of proxy and forwarding such form(s) of proxy by fax to Computershare at (416) 263-9524 or 1-866-249-7775.

Proxies must be received by Computershare no later than 5:00 p.m. (Toronto time) on June 5, 2012 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned or postponed meeting.

## VOTING BY ATTENDANCE AT THE MEETING

Registered Shareholders who intend to vote their Shares in person at the Meeting should not complete or return their form(s) of proxy, but rather should present themselves to a representative of Computershare at the Meeting.

## VOTING BY NON-REGISTERED SHAREHOLDERS

Non-registered Shareholders are Shareholders who do not hold Shares in their own name, but whose Shares are registered in the name of an intermediary (such as a bank, trust company, securities dealer or broker or other financial institution).

## VOTING BY PROVIDING INSTRUCTIONS TO INTERMEDIARIES

Non-registered Shareholders will receive separate voting instruction forms in respect of their holding of each of the Subordinate Voting Shares and/or Common Shares.

Non-registered Shareholders should follow the directions of their intermediaries or relevant service provider with respect to the procedures for voting their Shares. These procedures generally allow voting in the following four ways:

- by telephone at 1-800-474-7493 by following the instructions set out on the enclosed voting instruction form(s) (the required access code being the control number on the enclosed voting instruction form(s));
- on the internet at www.proxyvote.com by following the instructions set out on the enclosed voting instruction form(s) (the required access code being the control number on the enclosed voting instruction form(s));
- by mail, by following the instructions found on the enclosed voting instruction form(s); or
- by facsimile, by following the instructions found on the enclosed voting instruction form(s).

Non-registered Shareholders must not use the facsimile number or send the form(s) of proxy to the mailing address of Computershare provided in this Circular, as these are reserved for registered Shareholders and should instead use the information provided by the intermediary. If a non-registered Shareholder of the Company who has voted his, her or its Shares by following the directions of the intermediary wishes to revoke his, her or its vote, such Shareholder must contact his, her or its intermediary to determine the procedure to be followed.

Proxies must be received prior to 5:00 p.m. (Toronto time) on June 5, 2012 or, in the case of any adjournment or postponement of the Meeting, not less than 48 hours (excluding Saturdays, Sundays and holidays) prior to the time of such adjourned or postponed meeting.

### Voting by Attendance at the Meeting

The Company does not have access to the names and shareholdings of its non-registered Shareholders. Therefore, if a non-registered Shareholder wishes to attend the Meeting and vote in person at the Meeting, he or she should insert his or her own name in the space provided on the voting instruction form or request for voting instructions sent to the non-registered Shareholder by or on behalf of the intermediary and then follow the instructions provided by the intermediary to appoint such Shareholder as a proxyholder. As the non-registered Shareholder will be attending the Meeting in person, he or she should not otherwise complete the voting instruction form(s) or request for voting instructions sent by the intermediary. Any non-registered Shareholder who instructs the intermediary to appoint such Shareholder as proxyholder should present themselves to a representative of Computershare at the Meeting.

## EXERCISE OF DISCRETION BY PROXYHOLDERS

All properly executed proxies, not previously revoked, will be voted on any ballot taken at the Meeting in accordance with the instructions of the Shareholders contained therein. MANAGEMENT PROXIES CONTAINING NO INSTRUCTIONS REGARDING VOTING IN RESPECT OF THE MATTERS SPECIFIED THEREIN WILL BE VOTED IN FAVOUR OF SUCH MATTERS. IN THE EVENT, NOT CURRENTLY ANTICIPATED, THAT ANY OTHER MATTER IS PROPERLY BROUGHT BEFORE THE MEETING, OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF, AND IS SUBMITTED TO A VOTE, THE PROXY MAY BE VOTED IN ACCORDANCE WITH THE JUDGMENT OF THE PERSONS NAMED THEREIN. THE PROXY ALSO CONFERS DISCRETIONARY AUTHORITY IN RESPECT OF AMENDMENTS TO, OR VARIATIONS IN, ALL MATTERS WHICH MAY PROPERLY COME BEFORE THE MEETING OR ANY ADJOURNMENT OR POSTPONEMENT THEREOF.

## RECORD DATE AND SHAREHOLDERS ENTITLED TO VOTE

The board of directors of the Company (the “Board of Directors” or “Board”) have fixed April 30, 2012 as the record date for the determination of Shareholders entitled to receive notice of the Meeting. Only Shareholders of record at the close of business on such record date will be entitled to vote at the Meeting, and at all adjournments thereof, except to the extent that a shareholder has transferred any Shares after the record date and the transferee of those Shares: (i) produces properly endorsed share certificates; or (ii) otherwise establishes that such transferee owns the Shares and requests not later than 10 days before the Meeting that the name of such transferee be included in the list of Shareholders entitled to vote at the Meeting, in which case the transferee is entitled to vote at the Meeting and at all adjournments thereof.

## HOW A VOTE IS PASSED

All matters that are scheduled to be voted upon at the Meeting are ordinary resolutions. Ordinary resolutions are passed by simple majority, meaning that if more than half of the votes that are cast are in favour, then the resolution passes.

## VOTING SECURITIES AND PRINCIPAL HOLDERS THEREOF

As of April 30, 2012, there were, issued and outstanding, 51,850,347 subordinate voting shares (each, a "Subordinate Voting Share") and 3,116,442 common shares (each, a "Common Share"). Each Subordinate Voting Share has the right to one vote and each Common Share has the right to 100 votes on each matter to be voted on at the Meeting. The Common Shares represent an aggregate of 85.7% of the outstanding votes and the Subordinate Voting Shares represent an aggregate of 14.3% of the outstanding votes.

Mr. Ned Goodman, the President and Chief Executive Officer ("CEO") of the Company, owns in aggregate, directly and indirectly, 3,086,583 Common Shares and 2,421,378 Subordinate Voting Shares. These holdings represent 99.0% of the Common Shares and 4.7% of the Subordinate Voting Shares and collectively an 85.6% voting interest.

Jodamada Corporation, a private company owned by the adult children of Mr. Ned Goodman owns in aggregate 6,584,906 Subordinate Voting Shares representing 12.7% of the Subordinate Voting Shares and a 1.8% voting interest.

Harbour Advisors, a business unit of CI Investments Inc., holds an aggregate of 12,024,400 Subordinate Voting Shares representing 23.2% of the Subordinate Voting Shares and a 3.3% voting interest.

Other than as set out above, to the knowledge of the directors and executive officers of the Company, no person beneficially owns, directly or indirectly, or exercises control or direction over, voting securities of the Company carrying more than 10% of the voting rights attached to any class of outstanding voting securities of the Company.

## BUSINESS OF THE MEETING

### PRESENTATION OF FINANCIAL STATEMENTS

The audited consolidated financial statements of the Company for the financial year ended December 31, 2011 and the auditor's report thereon will be placed before the Meeting.

### APPOINTMENT OF AUDITOR

The Board of Directors recommends, on the advice of the Audit Committee, that PricewaterhouseCoopers LLP ("PWC") be appointed as auditor of the Company at a remuneration to be fixed by the Board. Information with respect to audit and non-audit fees paid to the Company's auditor is contained under the heading *"External Auditor Service Fees"* in the 2011 AIF.

**The persons named in the form of proxy which accompanies this Circular intend to vote FOR the appointment of PWC as the auditor of the Company to hold office until its successor is appointed and authorize the Board to fix the remuneration of the auditor, unless the Shareholder has specified in the form of proxy that the Shares represented by such form of proxy are to be withheld from voting in respect thereof.**

## ELECTION OF DIRECTORS

The Company's Articles of Amalgamation provide for the Board of Directors to consist of a minimum of 1 and a maximum of 20 directors. Mr. Harry R. Steele, a long time director of the Company, has determined that he will retire from the Board, and accordingly will not stand for re-election to the Board at the Meeting. Following a review by, and upon the recommendation of the Corporate Governance and Nominating Committee, the Board proposed that Messrs. Jeremy Soames and A. Murray Sinclair stand for election to the Board at the Meeting. See *"The Nominated Directors"* below for more information.

**The persons named in the form of proxy which accompanies this Circular intend to vote FOR the election of the 13 nominees listed below as directors of the Company unless the Shareholder has specified in the form of proxy that the Shares represented by such form of proxy are to be withheld from voting in respect thereof.**

Management of the Company does not contemplate that any of the nominees will be unable to serve as a director of the Company, but if that should occur for any reason prior to the Meeting or any adjournment or postponements thereof, the persons named in the enclosed form of proxy have the right to vote for another nominee in their discretion. Each director elected will hold office until the next annual meeting of the Shareholders unless his office is earlier vacated or until his successor is elected or appointed in accordance with the by-laws of the Company.

## THE NOMINATED DIRECTORS

The following table provides the name of each current director nominated by management of the Company for election as a director of the Company, their place of residence, all positions and offices with the Company now held by such person, each such person's principal occupation, the year in which the person first became a director of the Company and the number of voting or other securities of the Company which are beneficially owned by each such person, directly or indirectly, or over which each such person exercises control or direction as of April 30, 2012:

| Name / 2011 Meeting Participation | Director Since | Committees 2011 | Holdings[(1)] | |
|---|---|---|---|---|
| **Normand Beauchamp**[(2)] | | | | |
| Quebec, Canada<br>Director of the Company and President of Capital NDSL Inc., an investment company<br>Mr. Beauchamp participated in 12 of the 12 Board meetings held and 6 of the 6 respective committee meetings held. | 1991 | Audit<br>Compensation | Subordinate Voting:<br>Options<br>Subordinate Voting<br>Deferred Share Units | <br>0<br>30,000<br>47,776 |
| **Michael Cooper** | | | | |
| Ontario, Canada<br>Director of the Company, Chief Executive Officer of Dundee Realty Corporation, Managing Partner of Dundee Real Estate Asset Management ("DREAM"), Vice Chairman and Chief Executive Officer of Dundee Real Estate Investment Trust and Vice Chairman and Trustee of Dundee International Real Estate Investment Trust.<br>Mr. Cooper participated in 10 of the 12 Board meetings held. | 2009 | N/A | Subordinate Voting:<br>Options<br>Subordinate Voting<br>Deferred Share Units | <br>0<br>10,000<br>6,024 |

| Name / 2011 Meeting Participation | Director Since | Committees 2011 | Holdings[1] | |
|---|---|---|---|---|
| **<u>David Goodman</u>** | | | | |
| Ontario, Canada<br>Director of the Company and President, Chief Executive Officer, Dynamic Funds and Head, Global Asset Management, Scotiabank<br>Mr. Goodman participated in 12 of the 12 Board meetings held. | 2009 | N/A | <u>Subordinate Voting</u>:<br>Options<br>Subordinate Voting<br>Deferred Share Units | <br>0<br>875,708<br>13,562 |
| **<u>Jonathan C. Goodman</u>**[3] | | | | |
| Ontario, Canada<br>Director of the Company and President and Chief Executive Officer of Dundee Precious Metals Inc.<br>Mr. Goodman participated in 10 of the 12 Board meetings held. | 1996 | N/A | <u>Subordinate Voting</u>:<br>Options<br>Subordinate Voting<br>Deferred Share Units | <br>0<br>1,003,902<br>40,290 |
| **<u>Ned Goodman, CFA</u>**[4] | | | | |
| Ontario and Quebec, Canada<br>Director, President and Chief Executive Officer of Dundee Corporation and Ned Goodman Investment Counsel Limited<br>Mr. Goodman participated in 10 of the 12 Board meetings held. | 1991 | N/A | <u>Common</u>:<br>Common<br>Options<br><u>Subordinate Voting</u>:<br>Subordinate Voting<br>Options<br>Deferred Share Units | <br>3,086,583<br>0<br><br>2,421,378<br>1,000,000<br>483,127 |
| **<u>Harold (Sonny) Gordon, Q.C.</u>**[5] | | | | |
| Florida, U.S.A.<br>Chairman, Dundee Corporation<br>Mr. Gordon participated in 12 of the 12 Board meetings held and 4 of the 4 respective committee meetings held. | 2000 | Compensation, Chairman<br>Corporate Governance and Nominating | <u>Subordinate Voting</u>:<br>Subordinate Voting<br>Options<br>Deferred Share Units | <br>110,088<br>0<br>292,981 |
| **<u>Ellis Jacob</u>** | | | | |
| Ontario, Canada<br>Director of the Company and Director, President and Chief Executive Officer of Cineplex Inc.<br>Mr. Jacob participated in 10 of the 12 Board meetings held and 4 of the 4 respective committee meetings. | 2008 | Audit | <u>Subordinate Voting</u>:<br>Options<br>Subordinate Voting<br>Deferred Share Units | <br>0<br>249<br>25,174 |
| **<u>Dr. Frederick H. Lowy</u>** | | | | |
| Quebec, Canada<br>Director of the Company and President and Vice Chancellor of Concordia University<br>Dr. Lowy participated in 12 of the 12 Board meetings held and in 2 of the 2 respective committee meetings held. | 1999 | Corporate Governance and Nominating, Chairman | <u>Subordinate Voting</u>:<br>Options<br>Subordinate Voting<br>Deferred Share Units | <br>0<br>18,675<br>49,793 |

| Name / 2011 Meeting Participation | Director Since | Committees 2011 | Holdings[1] | |
|---|---|---|---|---|
| **Garth A. C. MacRae** | | | | |
| Ontario, Canada<br>Director of the Company<br>Mr. MacRae participated in 11 of the 12 Board meetings held and in 4 of the 4 respective committee meetings held. | 1991 | Audit | Common:<br>Common<br>Options<br>Subordinate Voting:<br>Options<br>Subordinate Voting<br>Deferred Share Units | <br>873<br>0<br><br>0<br>592,772<br>45,534 |
| **Robert McLeish, CFA[6]** | | | | |
| Ontario, Canada<br>Director of the Company and Consultant<br>Mr. McLeish participated in 12 of the 12 Board meetings held and 4 of the 4 respective committee meetings held. | 2002 | Audit | Subordinate Voting:<br>Options<br>Subordinate Voting<br>Deferred Share Units | <br>0<br>62,200<br>33,113 |
| **K. Barry Sparks** | | | | |
| Ontario, Canada<br>Director of the Company and President of Torvan Capital Group<br>Mr. Sparks participated in 10 of the 12 Board meetings held and 3 of the 4 respective committee meetings held. | 1993 | Audit, Chairman | Subordinate Voting:<br>Options<br>Subordinate Voting<br>Deferred Share Units | <br>0<br>46,000<br>19,445 |

(1) Information with respect to the class and number of securities beneficially owned, directly or indirectly, or over which control or direction is exercised, not being within the knowledge of the Company, has been provided to the Company by the respective director nominees.

(2) Mr. Normand Beauchamp became a director of CINAR Corporation after CINAR Corporation became the subject of a cease trade order.

(3) Mr. Jonathan C. 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) on January 16, 2008. On February 6, 2009, Tahera announced that it had made application for the voluntary suspension of trading of its common shares on the Toronto Stock Exchange ("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.

(4) See *"Voting Securities and Principal Holders Thereof"*.

(5) Mr. Harold (Sonny) Gordon resigned as the Chairman of the Compensation Committee and as a member of the Corporate Governance Committee on March 26, 2012. Mr. Harold (Sonny) Gordon was a director of Great Northern Paper, Inc. until June 3, 2002, approximately seven months before such Company 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 Code.

(6) On March 26, 2012, Mr. Robert McLeish was appointed as lead director, Chairman of the Compensation Committee and as a member of the Corporate Governance Committee.

In addition to the current directors proposed for election as set out above, the persons listed below are nominated for election as directors at the meeting:

| Name | Principal Occupation | Outside Directorships |
|---|---|---|
| Jeremy Soames<br>London, England | Chairman, Barbican Managing Agency Limited | Instinct Europe Limited |
| A. Murray Sinclair<br>Vancouver, British Columbia | Chairman, Sprott Resource Lending Corp. | Elgin Mining Inc., Gabriel Resources Ltd., Nebo Capital Corp., Ram Power Corp., Sprott Resource Corp. and Sprott Resource Lending Corp. |

## CORPORATE CEASE TRADE ORDERS AND BANKRUPTCIES

Except as disclosed herein, none of the directors or executive officers of the Company are, or have been within the last 10 years prior to the date hereof, a director, Chief Executive Officer or Chief Financial Officer of any company that was the subject of a cease trade order or similar order or an order that denied the relevant company access to any exemptions under securities legislation for a period of more than 30 consecutive days: (a) that was issued while such director or executive officer was acting as director, Chief Executive Officer or Chief Financial Officer; or (b) that was issued after that person ceased to be a director, Chief Executive Officer or Chief Financial Officer of the company being the subject of such order and which resulted from an event that occurred while that person was acting in their capacity as director, Chief Executive Officer or Chief Financial Officer of the subject company.

Mr. A. Murray Sinclair, a proposed director of the Company, was a director of Katanga Mining Limited (formerly Balloch Resources Ltd. and New Inca Gold Ltd.) from May 1, 1998 to July 10, 2006. On February 22, 2002, February 25, 2002 and March 15, 2002, New Inca Gold Ltd. was issued Cease Trading Orders by the Ontario, British Columbia and Alberta Securities Commissions, respectively, for failing to file financial statements and pay filing fees within their prescribed times. These orders were rescinded on September 20, 2002, October 1, 2003 and October 23, 2003, respectively, following the filing of the financial statements and payment of the outstanding fees.

## PENALTIES OR SANCTIONS

Except as disclosed herein, no director or officer of the Company or a shareholder holding sufficient securities of the Company to affect materially the control of the Company has: (i) been subject to any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or (ii) been subject to any other penalties or sanctions imposed by a court or regulatory body that would be likely to be considered important to a reasonable investor making an investment decision.

Mr. A. Murray Sinclair was a director of Etrion Corporation (formerly PetroFalcon Corporation and Pretium Industries Inc.) from November 28, 2001 to June 4, 2003. On February 27, 2002, the British Columbia Securities Commission (“BCSC”) issued an order regarding a private placement of PetroFalcon Corporation to Quest Ventures Ltd., a private company in which Mr. A. Murray Sinclair was a director. The BCSC considered it to be in the public interest to remove the applicability of certain exemptions from the prospectus and registration requirements of the Securities Act (British Columbia) for PetroFalcon Corporation until a shareholders meeting of PetroFalcon Corporation was held. In addition, the BCSC removed the applicability of the same exemptions for Quest Ventures Ltd. in respect of the common shares received pursuant to the private placement. Approval of shareholders was received on May 23, 2002 and the BCSC reinstated the applicability of the exemptions from the prospectus and registration requirements for both companies shortly thereafter.

## OUTSIDE DIRECTORSHIPS

The following table provides a listing of other reporting issuers for which the current members of the Board served as directors as at April 30, 2012:

| Name | Directorship(s) with Other Reporting Issuers |
|---|---|
| Normand Beauchamp | BTB Real Estate Investment Trust |
| Michael Cooper | Dundee International Real Estate Investment Trust, Dundee Real Estate Investment Trust and United Corporations Ltd. |
| David Goodman | Dundee Real Estate Investment Trust |
| Jonathan C. Goodman | Avala Resources Ltd., Cogitore Resources Inc., Dunav Resources Ltd., Dundee Precious Metals Inc. and Sabina Gold & Silver Corp. |
| Ned Goodman | 360 VOX Corporation, Corona Gold Corporation, Dundee Energy Limited, Dundee International Real Estate Investment Trust, Dundee Precious Metals Inc., Dundee Real Estate Investment Trust, Eurogas International Inc. and Ryan Gold Corp. |
| Harold (Sonny) Gordon | Dorel Industries Inc., Pethealth Inc. and Transcontinental Inc. |
| Ellis Jacob | Cineplex Entertainment Inc. |
| Dr. Frederick H. Lowy | - |
| Garth A. C. MacRae | Dundee Energy Limited, Dundee Precious Metals Inc., GeneNews Limited and Uranium Participation Corporation |
| Robert McLeish | Airboss of America Corp. |
| K. Barry Sparks | Cencotech Inc. and Muskrat Minerals Inc. |

## REPORT ON CORPORATE GOVERNANCE

The Company and the Board of Directors recognize the importance of corporate governance to the effective management of the Company and to its Shareholders. The Company's approach to corporate governance is designed with a view to ensuring that the business of the Company is effectively managed and that the Board functions independently of management. Set out below is the Company's overview of its corporate governance practices, as assessed in the context of National Instrument 58-101 – Disclosure of Corporate Governance Practices ("NI 58-101") and National Policy 58-201 Corporate Governance Guidelines ("NP 58-201"). This overview has been prepared by the Corporate Governance and Nominating Committee and has been approved by the Board.

## BOARD OF DIRECTORS

The Board is responsible for oversight of the business and affairs of the Company, including the Company's strategic planning and direction, identifying the principal risks of the Company's business and ensuring the implementation of systems to manage risk, succession planning and creating a culture of integrity throughout the organization. The Board discharges its responsibilities directly and through the committees of the Board ("Committees"): the Audit Committee, the Corporate Governance and Nominating Committee and the Compensation Committee. Each Committee operates under a formal charter or mandate which is reviewed, and if necessary, updated on an annual basis. In fulfilling its responsibilities, the Board delegates day-to-day authority to management of the Company, while reserving the ability to review management decisions and exercise final judgment on any matter. While the Board has not adopted a formal board mandate, management of the Company reviews with the Board on a periodic basis its strategic plan and delivers to the Board ongoing reports on the status of the business and operations of the Company. In addition, in accordance with applicable legal requirements and historical practice, all matters of a material nature are presented by management to the Board for approval.

### Corporate Strategy

The Board believes that management is responsible for the development of the Company's long-term strategy, while the role of the Board is to review, question, validate and propose changes to the strategy, with a view to arriving at an approved strategy to be implemented. The Board reviews the Company's long-term strategy on a regular basis.

### Composition of the Board

As at December 31, 2011 the Board was comprised of 12 directors. Mr. Harry R. Steele has decided to retire and therefore is not standing for re-election as a director at the Meeting, and two new directors, Messrs. Jeremy Soames and A. Murray Sinclair are standing for election at the Meeting. If the nominated directors are elected at the Meeting, the Board will be comprised of 13 directors. The Board is of the view that the size of the Board of 13 directors allows for a diversity of experience and knowledge and is the appropriate size to foster and promote effective decision making and oversight of the Company. The Board is comprised of a majority of unrelated directors. The Board has not established fixed term limits for directors as it is of the view that such a policy would have the effect of forcing directors to resign from the Board who have developed, over a period of service, increased insight into the Company and its business and who therefore can be expected to make increasingly valuable contributions to the Board.

### Director Independence

Of the 13 directors nominated for election, the Board has determined that nine are independent, as that term is defined in National Instrument 52-110 – Audit Committees ("NI 52-110") including Mr. Robert McLeish, the lead director of the Board (the "Lead Director"), and Messrs. Jeremy Soames and A. Murray Sinclair NI 52-110 defines an "independent director" as a director who has no direct or indirect material relationship with the Company. A "material relationship" is defined as a relationship which could, in the view of the Board, be reasonably expected to interfere with the exercise of such member's independent judgment, and certain relationships are deemed to be material.

The Board has determined that all of the directors are independent, except: (i) Mr. Ned Goodman is not independent by virtue of his position as President and CEO of the Company, (ii) Mr. David Goodman is not independent because he is the President and Chief Executive Officer of DundeeWealth Inc. ("DundeeWealth") which was formerly a major operating subsidiary of the Company, (iii) Mr. Michael Cooper is not independent because he is the President and Chief Executive Officer of Dundee Realty Corporation ("Dundee Realty"), a major operating subsidiary of the Company, and (iv) Mr. Harold (Sonny) Gordon can no longer be considered independent on account of the fact that, having been awarded a special bonus in connection with the DundeeWealth Transaction (as discussed in detail below under *"Components of Compensation – Special Bonus"*) he is deemed to have a material relationship with the Company under National Instrument 52-110.

The Board has established procedures to enable it to function independently of management and to facilitate open and candid discussions among the independent directors. The Board holds *in camera* independent director meetings following scheduled Board meetings. In 2011, the Board held seven *in camera* independent director meetings. In addition to the above-noted independence measures, all Committees are comprised entirely of independent directors and independent directors engage in informal discussions outside of regularly scheduled Board meetings.

**Succession Planning**

The Board regards management succession as an ongoing activity to be reviewed by the Board, with input from management, as appropriate. This planning process includes the CEO's recommendation of several possible successors in the event of the unexpected incapacity of the CEO.

**Role of the Chairman of the Board and the Chief Executive Officer**

While the Board has not adopted a written position description for the Chairman of the Board or for the CEO of the Company, the roles of each are well established. The responsibilities of Mr. Harold (Sonny) Gordon, the Chairman of the Board, include the efficient organization and operation of the Board. The Chairman of the Board is also responsible for ensuring effective communication between the Board and management and that the Board effectively carries out its mandate.

The corporate objectives for which the CEO is responsible are determined by strategic and financial plans initiated by the CEO, and developed with input from senior management and the Board. The Board annually reviews and evaluates the Company's strategic plan and corporate objectives.

**Role of the Lead Director**

The role of the Lead Director of the Board is to chair meetings of the independent directors and assume other responsibilities which non-management directors may designate from time to time. This role is fulfilled by an unrelated and independent director. Mr. Robert McLeish was appointed Lead Director effective March 26, 2012, concurrent with the Board's determination that Mr. Harold (Sonny) Gordon could no longer be considered independent, as discussed above under *"Director Independence"*.

**Compensation of Chief Executive Officer**

The Compensation Committee, when reviewing the compensation of the CEO, makes an overall assessment of the performance by the CEO in directing the Company in the execution of its strategic plan and corporate objectives, reviews the compensation of the CEO against the achievement of such objectives as well as against the compensation paid to other chief executive officers in the asset management industry, and recommends to the Board the approval of the CEO's compensation package. See *"Compensation Discussion and Analysis"* for further information relating to the compensation of the CEO.

**Disclosure and Insider Trading Policy**

The Board has approved a disclosure policy (the "Disclosure Policy") that is designed to formalize the Company's policies and procedures relating to the dissemination of material information. The Disclosure Policy designates certain employees as authorized spokespersons of the Company and establishes disclosure guidelines for determining whether information is material and how it is to be disclosed. The

Disclosure Policy also includes procedures designed to avoid selective disclosure and to ensure that timely and accurate information is provided by the consolidated subsidiaries of the Company to senior management of the Company for inclusion in the Company's statutory disclosure documents. Disclosed information is released through mailings to Shareholders, newswire services, the general media and the Company's website and/or SEDAR. The Board and, as applicable, the Audit Committee, approve the statutory disclosure documents prior to their distribution to Shareholders.

**Director Attendance**

Board members are expected to attend all board meetings and meetings of Committees on which they serve. Each current directors' attendance record during the 2011 financial year is disclosed under the heading *"The Nominated Directors"*.

**Compensation of Directors**

The composition and responsibilities of the Compensation Committee, which determines directors' compensation are described more fully below. Further details on director compensation can be found under *"Compensation of Directors"*.

**Orientation and Continuing Education**

The Company has adopted various practices with respect to the orientation and ongoing education of its directors. Directors of the Company are provided with a directors' information guide updated on a periodic basis which contains information about the Company and its affiliates, the Company's recent regulatory filings such as its annual information form and proxy material, the regulatory environment applicable to the Company and its subsidiaries, the reporting requirements of the directors of the Company, information with respect to the Committees of the Board and the written mandates of each such Committee and certain policies and procedures of the Board. Directors of the Company are kept informed of best practices with respect to the role of the Board and of emerging trends that are relevant to their roles as directors. The Company may hold Board retreats which assist with the orientation of new Board members, as necessary, and provide Board members with an opportunity to interact with, and gain exposure to, the executive management team. The Company may also make available to its directors, at the Company's expense, certain third-party professional development courses to further enhance the education of the Company's directors. In the event that a new director is elected or appointed to the Board, he or she will be given the opportunity to meet with senior management and other directors of the Company in order to become familiar with the business and activities of the Company and his or her responsibilities as a director of the Company.

**Ethical Business Conduct**

The Company is committed to conducting its business in compliance with all applicable laws and regulations and in accordance with the highest standard of ethical principles.

The Board has not adopted a written code of business conduct and ethics, however, in addition to the relevant provisions of the *Business Corporations Act* (Ontario) applicable to directors of the Company, directors are required to disclose all actual or potential conflicts of interest. Also, directors of the Company are required to recuse themselves from any discussion or decision on any matter in which the director is precluded from voting as a result of a conflict of interest. The Board and the Company promote a "tone at the top" culture intended to instil ethics, openness, honesty and accountability throughout the organization.

The Company permits the Board, any committee thereof, and any individual director to engage independent external advisors at the expense of the Company when necessary.

## AUDIT COMMITTEE

Members in 2011: Messrs. Normand Beauchamp, Ellis Jacob, Garth A. C. MacRae, Robert McLeish and K. Barry Sparks (Chairman)

The Audit Committee is comprised of five independent directors and is mandated to assist the Board in fulfilling applicable public company obligations respecting audit committees and its oversight responsibilities with respect to financial reporting. Each of the members of the Audit Committee are financially literate within the meaning of NI 52-110. An individual is financially literate if he or she has 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. The Audit Committee is responsible for overseeing, among other matters, the work of the Company's external auditor, the integrity of the Company's financial statements and financial reporting process, the qualifications and independence of the external auditor and the work of the Company's financial management and external auditor in these areas. The Audit Committee reviews and recommends to the Board for approval, the Company's annual and interim consolidated financial statements and related management's discussion and analysis and selected disclosure documents including, information pertaining to the Audit Committee contained in the Company's annual information form and any other financial information required by regulatory authorities, in each case, before they are released to the public or filed with the appropriate regulators. The Audit Committee reviews its charter at least annually and recommends changes to the Board with respect to its charter, as necessary.

Through the Audit Committee, the directors also monitor the principal financial risks and the implementation of the Company's risk management systems. Such principal risks and the implementation of systems to manage these risks are disclosed in the Company's annual information form and in management's discussion and analysis for the year ended December 31, 2011 ("2011 MD&A"). In addition, in accordance with NI 52-110, the Audit Committee ensures that there are procedures in place 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 concerns regarding questionable accounting or auditing matters. In this regard, the Company has established a Whistleblower Policy outlining such confidential reporting process.

For additional information about the Audit Committee see the section *"Audit Committee"* beginning on page 57 of the 2011 AIF. The 2011 AIF is available on SEDAR at www.sedar.com.

## CORPORATE GOVERNANCE AND NOMINATING COMMITTEE

Members in 2011: Messrs. Harold (Sonny) Gordon, Frederick H. Lowy (Chairman) and Harry R. Steele

In 2011, the Corporate Governance and Nominating Committee (the "Governance Committee") was comprised of three members, each of whom was an independent director. The Governance Committee is responsible for developing the Company's approach to corporate governance issues and is charged with enhancing the Company's governance through an ongoing assessment of the Company's approach to corporate governance. The Governance Committee also coordinates an annual evaluation of the Board, identifies individuals qualified to become Board members and recommends such individuals to the Board for nomination for election to the Board in consultation with the Chairman and the CEO of the Company.

The mandate of the Governance Committee includes reviewing the size and overall composition of the Board with a view to assisting the Board in determining whether it is appropriate to undertake a program to increase or decrease the number of directors of the Company, reviewing proposed new nominees to the Board and reviewing and assessing, on a periodic basis, the performance and contribution of the directors of the Company. Typically, directors of the Company complete self-evaluation, corporate governance evaluation and assessment of board performance evaluation forms in this regard.

In respect of 2011, the Governance Committee conducted a survey of the directors of the Company with respect to their views on the effectiveness of the Board, each Committee and its Chairman and, at the request of the Audit Committee, provided similar evaluation forms to members of the Audit Committee. The results of these assessments are used by the Board and its Committees to evaluate past performance and identify areas for continued improvement. In addition, the Governance Committee:

- conducted the annual review of its mandate and recommended the approval of such mandate to the Board;

- reviewed and approved the corporate governance disclosure contained in the Circular; and

- reviewed and confirmed the independence of Board members.

In March, 2012, the Governance Committee also considered the addition of two new members to the Board, reviewed the qualifications and experience of Messrs. Jeremy Soames and A. Murray Sinclair, and recommended that they be added to the slate of directors proposed for election at the Meeting. On March 26, 2012, Mr. Harold (Sonny) Gordon resigned as a member of the Governance Committee and was replaced by Mr. Robert McLeish.

**COMPENSATION COMMITTEE**

Members in 2011: Messrs. Normand Beauchamp, Harold (Sonny) Gordon (Chairman) and Harry R. Steele

In 2011, the Compensation Committee was comprised of three members, each of whom was an independent director. The Compensation Committee is charged with overseeing the administration of the Company's equity compensation plans, discharging the Board's responsibilities relating to the compensation of certain of the Company's executives, reviewing and making recommendations on director compensation, and preparing the Company's report on executive compensation, as required by applicable securities laws.

As part of its oversight of the implementation of the Company's compensation plans, the Compensation Committee reviews and makes recommendations to the Board with respect to the adoption of, or amendments to, the incentive compensation and equity compensation plans of the Company. The Compensation Committee also approves the compensation for certain senior executives and makes recommendations to the Board respecting approval of the CEO's compensation package. In setting compensation, the Compensation Committee considers all factors it deems relevant, including individual performance, the Company's performance and relative shareholder return, the value of similar incentive awards to those with similar responsibilities at comparable companies and the awards given by the Company in prior years. In addition, the Compensation Committee reviews the adequacy of the compensation of directors of the Company, including the Chairman of each of the Committees of the Board, to ensure that their compensation adequately reflects the responsibilities and risks involved in being an effective director of the Company. On March 26, 2012, Mr. Harold (Sonny) Gordon resigned as a member of the Compensation Committee and was replaced by Mr. Robert McLeish.

The Compensation Committee conducts an annual review of its mandate, and recommends changes to the Board with respect to such mandate, as necessary.

During 2011, the Compensation Committee:

- reviewed its mandate and recommended its approval to the Board without modification;

- assessed its performance and that of each of its members;

- reviewed fees payable to Board and Committee members, including the Chairman of each Committee and the Chairman of the Board;

- reviewed and recommended to the Board the approval of annual bonus awards to certain executives in respect of 2010;

- reviewed and approved the disclosure relating to compensation contained in the 2011 Circular, including the approval of the Compensation Discussion & Analysis;

- received and reviewed a report as to compliance with executive share ownership guidelines; and

- directed the trustees of the Executive Benefit Plan as to the voting of the Subordinate Voting Shares held in Trust.

In addition, in 2012 the Compensation Committee has:

- reviewed its mandate and recommended its approval to the Board without modification;

- assessed its performance and that of each of its members;

- reviewed and recommended to the Board the approval of annual bonus awards to certain executives in respect of 2011;

- reviewed and approved the disclosure relating to compensation contained in this Circular, including the approval of the Compensation Discussion & Analysis; and

- received and reviewed a report as to compliance with executive share ownership guidelines.

In fulfilling its responsibilities, the Compensation Committee has the authority to retain a compensation consultant for assistance, if required, in the evaluation of employee, officer and director compensation.

## COMPENSATION OF DIRECTORS

### DIRECTORS' FEES

The Company pays directors' fees of $65,000 per annum plus $1,500 per meeting of the Board or a committee thereof attended by each of its directors. All directors of the Company are reimbursed for their expenses and travel incurred in connection with attending directors' meetings. All directors of the Company are eligible to participate in certain components of the Share Incentive Plan and, other than $20,000 of a directors' annual retainer which must be taken in deferred share units ("Units" or "DSUs"), directors have the option of receiving their fees in Units under the Deferred Share Unit Plan (the "DSU Plan") or cash. The directors' fees are reviewed periodically and may be changed from time to time. The directors may also be entitled to participate in any special bonus or similar compensation awards from time to time, as appropriate, where a director's role in a transaction or strategic initiative may call for recognition beyond his or her regular board retainer fees. Mr. Harold (Sonny) Gordon was awarded a Special Bonus in connection with the DundeeWealth Transaction as discussed under *"Components of Compensation – Special Bonus"*.

In 2011, eight of the current directors chose to receive 100% of their directors' fees in Units under the DSU Plan, one director chose to receive 50% of fees in Units, two directors chose to receive 25% of fees in Units and one elected to take 100% of such fees in cash.

In addition, the Chairman of the Board is entitled to an annual retainer of $350,000 in respect of the financial year ended December 31, 2011 and an annual travel allowance of $12,000. Except for $35,000 which was directed to the Share Purchase Plan, Mr. Harold (Sonny) Gordon elected to receive all of his director's fees in Units under the DSU Plan. Under the Share Purchase Plan of the Company, the Chairman of the Company is entitled to contribute up to 10% of his annual retainer to the Share Purchase Plan annually, and such amount is matched by the Company. During the year ended December 31, 2011, the Company contributed an aggregate of $35,000 as a matching contribution to the Chairman of the Company under the Share Purchase Plan.

The Chairman of the Governance Committee receives an additional $10,000 per annum and the Chairman of the Compensation Committee receives an additional $15,000 per annum. The Chairman of the Audit Committee receives an additional $35,000 per annum and all Audit Committee members receive an additional $5,000 per annum.

## DIRECTOR COMPENSATION TABLES

The following table details all compensation provided to the directors of the Company for the fiscal year ended December 31, 2011 other than Messrs. Ned Goodman and Michael Cooper, for whom this information is included in this Circular's Summary Compensation Table:

| Name | Fees Earned[(1)] | Share-Based Awards | Option-Based Awards | Non-Equity Incentive Plan Compensation | All Other Compensation | Total |
|---|---|---|---|---|---|---|
| Normand Beauchamp | $97,000 | - | - | - | - | $97,000 |
| David Goodman | $83,000 | - | - | - | - | $83,000 |
| Jonathan C. Goodman | $80,000 | - | - | - | $31,000[(2)] | $111,000 |
| Harold (Sonny) Gordon | $454,000 | - | - | $1,500,000[(3)] | $55,375[(4)] | $2,009,375 |
| Ellis Jacob | $91,000 | - | - | - | - | $91,000 |
| Frederick H. Lowy | $96,000 | - | - | - | - | $96,000 |
| Garth A. C. MacRae | $92,500 | - | - | - | $74,847[(2)] | $167,347 |
| Robert McLeish | $94,000 | - | - | - | $23,861[(2)] | $117,861 |
| K. Barry Sparks | $124,500 | - | - | - | - | $124,500 |
| Harry R. Steele | $89,000 | - | - | - | - | $89,000 |

(1) Represents fees earned as directors of the Company.

(2) Amounts disclosed include directors fees earned from subsidiaries of the Company. For Mr. Jonathan C. Goodman, amounts include the value of the directors' fees paid to him as a director of Dundee Energy Limited in 2011. For Mr. Garth A. C. MacRae, amounts disclosed include directors fees paid to him in 2011 by Dundee Energy and DundeeWealth (until his resignation as a director of DundeeWealth effective January 31, 2011). For Mr. Robert McLeish, amounts disclosed include directors fees paid to him by DundeeWealth in 2011 (for the period during 2011 that DundeeWealth was a subsidiary of the Company).

(3) Represents the Special Bonus allocated to Mr. Harold (Sonny) Gordon as discussed above.

(4) Other compensation paid to Mr. Harold (Sonny) Gordon include a $12,000 travel allowance, a $35,000 matching contribution under the Company's Share Purchase Plan and $8,375 in DundeeWealth directors fees paid prior to Mr. Harold (Sonny) Gordon's resignation effective January 31, 2011.

Other than directors' fees paid to Messrs. Ned Goodman and Michael Cooper which are included in the Summary Compensation Table for the named executive officers, the following table sets out the breakdown of directors' fees paid by the Company during 2011 to each individual who is currently a director of the Company:

| Name | Annual Board Retainer[(1)] | Board and Committee, Chairman and/or Retainer Fees | Audit Committee Member Fee | Board and Committee Meeting Fees | Total Fees Paid | Portion of Fees Taken in Cash and/or Units |
|---|---|---|---|---|---|---|
| Normand Beauchamp | $65,000 | N/A | $5,000 | $27,000 | $97,000 | 100% Units |
| David Goodman | $65,000 | N/A | N/A | $18,000 | $83,000 | 100% Units |
| Jonathan C. Goodman | $65,000 | N/A | N/A | $15,000 | $80,000 | 100% Units |
| Harold (Sonny) Gordon[(2)] | $65,000 | $365,000 | N/A | $24,000 | $454,000 | 100% Units |
| Ellis Jacob | $65,000 | N/A | $5,000 | $21,000 | $91,000 | 100% Units |
| Dr. Frederick H. Lowy | $65,000 | $10,000 | N/A | $21,000 | $96,000 | 100% Units |
| Garth A. C. MacRae | $65,000 | N/A | $5,000 | $22,500 | $92,500 | 100% Cash |
| Robert McLeish | $65,000 | N/A | $5,000 | $24,000 | $94,000 | 25% Units |
| K. Barry Sparks | $65,000 | $35,000 | $5,000 | $19,500 | $124,500 | 25% Units |
| Harry R. Steele | $65,000 | N/A | N/A | $24,000 | $89,000 | 100% Units |

(1) See "*Compensation of Directors – Directors' Fees*" for a description of annual board retainer fees.

(2) Excludes the $12,000 travel allowance paid to, and $35,000 matching contribution to the Company's Share Purchase Plan on behalf of Mr. Harold (Sonny) Gordon.

## OUTSTANDING OPTION-BASED AWARDS TABLES – DIRECTORS

There were no unexercised options awarded to directors of the Company as at December 31, 2011 other than unexercised options awarded to Messrs. Ned Goodman and Michael Cooper for whom this information is included under the *"Outstanding Option-Based Awards Table – Company"* for the Named Executive Officers. No share-based awards were granted to Directors by the Company in fiscal 2011.

## OUTSTANDING OPTION-BASED AWARDS TABLE – SUBSIDIARIES

The following table provides a summary of all unexercised options awarded to directors of the Company as at December 31, 2011 from subsidiaries of the Company ("Subsidiaries") other than unexercised options awarded by Subsidiaries of the Company to Messrs. Ned Goodman and Michael Cooper for whom this information is included, if applicable, under the *"Outstanding Option-Based Awards – Subsidiaries"*. As of April 30, 2012, the Company owned an approximate 70% equity interest in Dundee Realty, 100% equity interest in Dundee Resources Limited ("Dundee Resources") and a 56.6% interest in Dundee Energy Limited ("Dundee Energy"). No share-based awards granted by Subsidiaries were outstanding to directors of the Company as at December 31, 2011, except as disclosed under *"Outstanding Option Based Awards – Subsidiaries"* below in respect of directors who are also named executive officers.

| Name / Award Date(s) | Option-Based Awards | | | |
|---|---|---|---|---|
| | Number of Securities Underlying Unexercised Options | Option Exercise Price | Option Expiration Date | Value of Unexercised in-the-Money Options[(1)] |
| **Jonathan C. Goodman** | | | | |
| May 17, 2007 | 200,000[(2)] | $1.12 | May 17, 2012 | $0 |
| November 4, 2010 | 200,000[(2)] | $0.81 | November 4, 2015 | $0 |
| **Harold (Sonny) Gordon** | | | | |
| May 17, 2007 | 500,000[(2)] | $1.12 | May 17, 2012 | $0 |
| **Garth A. C. MacRae** | | | | |
| May 17, 2007 | 200,000[(2)] | $1.12 | May 17, 2012 | $0 |
| November 4, 2010 | 200,000[(2)] | $0.81 | November 4, 2015 | $0 |

(1) The value of the options is based on the difference between the market value of the shares underlying the options at the end of the most recently completed financial year ($0.63) and the exercise price of the option.

(2) Represents options awarded by Dundee Energy.

## COMPANY INCENTIVE PLAN AWARDS – DIRECTORS

Other than Messrs. Ned Goodman and Michael Cooper for whom this information is included, if applicable, under the *"Incentive Plan Awards Table – Company"* for the Named Executive Officers, no options vested to the directors under the Company's Share Incentive Plan during the financial year ended December 31, 2011. There was no non-equity incentive plan compensation paid to the directors in 2011.

## INCENTIVE PLAN AWARDS TABLE – SUBSIDIARIES

The following table sets forth information regarding the vesting of option based awards of the Subsidiaries to the non-executive directors for the financial year ended December 31, 2011. There was no non-equity incentive plan compensation earned by the non-executive directors from Subsidiaries in 2011.

| Name | Option-Based Awards – Value Vested During the Year[(1)] | Non-Equity Incentive Plan Compensation – Value Earned During the Year |
|---|---|---|
| Normand Beauchamp | - | - |
| Jonathan C. Goodman | $0[(2)] | - |
| Harold (Sonny) Gordon | $0[(2)] | - |
| Ellis Jacob | - | - |
| Dr. Frederick H. Lowy | - | - |
| Garth A. C. MacRae | $0 [(2)] | - |
| Robert McLeish | - | - |
| K. Barry Sparks | - | - |
| Harry R. Steele | - | - |

(1) The value is determined by calculating the difference between the market price of the underlying shares and the exercise price of the options on the vesting date.

(2) Represents the value of options awarded by Dundee Energy.

## DIRECTOR SHARE OWNERSHIP GUIDELINES

In order to better align the interests of the directors of the Company with the long-term interests of the Company and its Shareholders, a share ownership policy has been adopted for directors of the Company. Directors are required to hold Subordinate Voting Shares of the Company with an aggregate acquisition cost or market value equal to at least three times the director's annual board fee. If a director has elected to receive all or part of his or her board fees in Units under the DSU Plan, Units awarded to such director shall be counted toward meeting the equity ownership requirement. New members of the Board are required to comply with the equity ownership requirement within three years of becoming a member of the Board. As at April 30, 2012, all of the current directors of the Company were above the target ownership level.

# COMPENSATION DISCUSSION AND ANALYSIS

This Compensation Discussion and Analysis describes and explains the Company's executive compensation philosophy, principles, policies and programs, including the 2011 compensation of its named executive officers, being its CEO, Mr. Ned Goodman, Chief Financial Officer ("CFO") Ms. Lucie Presot, and the three most highly compensated executive officers other than the CEO and CFO (collectively, with the CEO and the CFO, the "Named Executive Officers" or "NEOs"), Mr. Michael Cooper, Chief Executive Officer of Dundee Realty, Mr. Murray John, President and Chief Executive Officer of Dundee Resources and Mr. Bruce Sherley, President, Dundee Oil and Gas Limited and Vice President, Dundee Resources.

## COMPENSATION PHILOSOPHY

The Company's compensation program is designed to encourage, compensate and reward employees on the basis of individual and corporate performance, both in the short and long term. Compensation for the NEOs, as well as for other executives, consists of a combination of base salary, discretionary incentive compensation, benefits and perquisites. The Company takes a "Total Compensation" approach to compensation.

The components of the compensation program form a comprehensive strategy for achieving the following objectives with respect to the Company's executive officers, including the NEOs:

(a) to attract highly qualified management;

(b) to compensate executives at a level competitive with the Company's peers;

(c) to motivate performance by linking incentive compensation to the achievement of business objectives, financial performance and individual performance;

(d) to link the interests of the executives with those of Shareholders; and

(e) to encourage retention of key executives.

Accordingly, the Company evaluates performance based on both objective and subjective performance measures which allows the Company to differentiate the rewards paid to its strongest and most valuable executives. In respect of 2011, designated executive officers of the Company, including the CEO and CFO have been awarded a one-time performance bonus in recognition of their role in negotiating and completing the sale of DundeeWealth Inc. to The Bank of Nova Scotia ("BNS") on February 1, 2011 (the "DundeeWealth Transaction").

## ROLES IN THE EXECUTIVE COMPENSATION PROCESS

### Role of the Compensation Committee and Compensation Governance

The Compensation Committee assists the Board in its oversight of the Company's compensation policies and programs. A description of the Compensation Committee's Mandate and activities in 2011 is described above under *"Report on Corporate Governance - Compensation Committee"*.

The Compensation Committee is responsible for, among other things, reviewing and making recommendations to the Board concerning the compensation of the Company's NEOs and Board members. During fiscal 2011, the Compensation Committee was comprised of Messrs. Gordon, Steele and Beauchamp, each of whom was independent. Each of the directors has served in this capacity for over 10 years and, as part of this role, has had access to relevant information concerning compensation governance and applicable market practices, including access to compensation consultants and other experts from time to time to give them the tools required to make decisions relating to the suitability of the Company's compensation policies and practices. In addition, each member of the Committee holds or has held senior leadership positions in various organizations, and in such capacity obtained direct experience relevant to executive compensation. Effective March 26, 2012, Mr. Harold (Sonny) Gordon resigned from the Compensation Committee and was replaced by Mr. Robert McLeish, an independent director.

The Compensation Committee meets as frequently as required to fulfill its mandate. The Chairman of the Committee reports to the Board at each regularly scheduled Board meeting. The Compensation Committee also reviews and approves the executive compensation disclosure included in this Circular.

The Compensation Committee is granted open access to information about the Company that is necessary to fulfill its duties. In addition, the Compensation Committee has the authority to retain, at the Company's expense, independent compensation consultants or other advisors to assist the Compensation Committee in fulfilling its duties and responsibilities.

### Role of the Compensation Consultant

In 2012, Hugessen Consulting Inc. ("Hugessen") was retained by the Compensation Committee to provide relevant information and market context which the Compensation Committee and the Board could consider in determining allocations of the Special Bonus. See *"Components of Compensation – Special Bonus"* below.

In 2011, the Compensation Committee did not retain an independent compensation consultant. In respect of 2010, the Compensation Committee engaged an independent compensation consultant to provide information and advice in respect of a review of director's compensation, stock option valuation advice, the Supplementary Executive Retirement Plan for Mr. Ned Goodman and to assist with other compensation matters.

The aggregate fees billed by such consultant or any of its affiliates for services relating to determining compensation for any of the Company's directors, NEOs and officers and for all other services in respect of 2011 and 2010 are set out below:

| Year | Executive Compensation Related Fees | All Other Fees |
|---|---|---|
| 2011 | N/A | N/A |
| 2010 | $38,500 | N/A |

## Role of Management

Management assists the Compensation Committee with its mandate by compiling information used by the Compensation Committee in its compensation determinations, reporting on historical compensation levels and reviewing and reporting on the performance of the senior officers other than the CEO.

The Compensation Committee relies upon input from the CEO in setting the compensation of the other NEOs as the CEO is best positioned to evaluate their performance and contribution to the Company. While the CEO may, at the invitation of the Compensation Committee, attend meetings of the Compensation Committee to provide advice and recommendations, he is not a member of the Compensation Committee and he is not entitled to vote on matters before the Compensation Committee. The CEO is excluded from *in camera* sessions of the Compensation Committee and from discussion of his own compensation, whether at the Compensation Committee or Board level.

## COMPONENTS OF COMPENSATION

The Company's focus in its executive compensation program is on total compensation. The main components of the Company's compensation program are: base salary, an annual variable discretionary and performance incentive component, and benefits and perquisites. Long-term awards, such as options, are awarded from time to time under the Share Incentive Plan, but are not part of the annual compensation program for executives. The actual compensation mix, and the portion of pay at risk, varies by executive level, the executive's ability to influence short and long term business results, and competitive practices.

Set out below are the rationales supporting the Company's decision to pay the various components of the Company's executive compensation program, as well as additional discretionary components.

### Base Salary

The Compensation Committee determines the base salaries and annual incentive compensation of the officers of the Company taking into consideration the recommendation of the President and CEO of the Company, the position and responsibilities of such officers, the past, current and potential individual contribution to the success of the Company and competitive industry pay practices for comparable positions at similar companies of a comparable size and within similar industries, thereby enabling the Company to compete for and retain executives critical to the Company's long term success.

### Annual Incentive Compensation

Incentive compensation is discretionary and is determined by reference to corporate and individual performance. The President and CEO of the Company presents recommendations to the Compensation Committee with respect to annual incentive awards by the Company to the other Named Executive Officers and for certain officers of the Company. The Compensation Committee approves the annual incentive cash compensation by the Company to the Named Executive Officers and the Company's other officers and recommends the amounts to the directors of the Company for approval.

In respect of fiscal 2011, the Compensation Committee recommended and the Board approved the award of a performance bonus to Mr. Ned Goodman and Ms. Lucie Presot, as well as to designated officers of the Company in recognition of their roles in completing the DundeeWealth Transaction. A discretionary annual cash bonus was awarded to Mr. Michael Cooper in respect of his role at Dundee Realty and DREAM, Mr. Murray John was awarded a discretionary cash bonus in respect of his roles as a Portfolio Manager at Ned Goodman Investment Counsel Limited ("NGIC") and as President of Dundee Resources Limited and Mr. Bruce Sherley was awarded a discretionary cash bonus in respect of his role as Vice President of Dundee Resources Limited and as President of Dundee Oil and Gas Limited, the general partner of Dundee Energy Limited Partnership.

## Long-Term Incentive Compensation

Share ownership opportunities, provided through the Share Incentive Plan, align the interests of the officers with the longer term interests of the Shareholders. Each component of the Share Incentive Plan being the Share Purchase Plan, the Share Option Plan and the Share Bonus Plan, is designed to give individuals an interest in preserving and maximizing shareholder value in the long term, to enable the Company to attract and retain individuals with experience and ability and to reward individuals for current performance and expected future performance. Officers are eligible to participate in the Share Incentive Plan on the same basis as all other employees of the Company. See *"Share Incentive Plan"* for a description of the Share Incentive Plan and each of its components.

Awards under the Share Option Plan and the Share Bonus Plan each being components of the Share Incentive Plan, are discretionary grants. In determining the number of Subordinate Voting Shares subject to options granted under the Share Option Plan, the Compensation Committee gives consideration to, among other things, the individual's former, current and potential contribution to the success of the Company, the relative position of the individual, the years of service of the individual and the exercise price and the aggregate number of options that would be held by the individual after the grant under consideration is made. The exercise price of options that have been granted has been set at 100% of the market value of the Subordinate Voting Shares when the options are granted. The terms upon which options are awarded are established by the Board. Currently, options are exercisable as to 20% of the Subordinate Voting Shares subject to such options on each of the first, second, third, fourth and fifth anniversaries of the date of the grant and have a term of five years and six months.

No options to purchase Subordinate Voting Shares or bonus shares were granted to the Named Executive Officers or to directors of the Company pursuant to the Share Incentive Plan in 2011. See *"Outstanding Option-Based Awards Table – Named Executive Officers"* and *"Outstanding Option-Based Awards Table – Directors"* for details with respect to outstanding options.

## Deferred Share Unit Plan

The Compensation Committee may, from time to time, approve the participation of certain senior officers and directors in the DSU Plan. Current awards of Units under the DSU Plan vest immediately, but the participant will only be entitled to payment in respect of the Units granted to him or her when the participant ceases to be employed by the Company or an affiliate and, as applicable, ceases to be a director. The purpose of the DSU Plan is to strengthen the link between the interests of eligible directors, officers and employees of the Company and affiliates thereof and the Shareholders of the Company by providing participants in the DSU Plan with long-term incentives tied to the long-term performance of the Subordinate Voting Shares. See also *"Equity Compensation Plans – Deferred Share Unit Plan"*.

## Special Bonus

In respect of 2011, the Board has approved a special bonus plan (the "Special Bonus") in an aggregate amount of up to $15 million for the benefit of designated members of the Company's management and Board in recognition of their role in planning, negotiating and closing the DundeeWealth Transaction.

Following the closing of the DundeeWealth Transaction, members of the Compensation Committee met to consider and discuss the establishment of a performance bonus relating to the DundeeWealth Transaction. It was determined that the Company would record an accrual for the estimated aggregate bonus amount, pending final review and approval of a Special Bonus plan by the Board. Hugessen was retained by the Compensation Committee to provide relevant information and market context which the Compensation Committee and the Board could consider in determining allocations under the Special Bonus plan. The decisions made by the Board are the responsibility of the Board and reflect factors and considerations in addition to the information and facts provided by Hugessen.

For the reasons described below, the Board has determined that $12 million of the aggregate amount of the Special Bonus will be allocated to Mr. Ned Goodman, the Company's President and CEO. Mr. Ned Goodman asked, and the Board agreed, that the full amount of his Special Bonus be donated to a charitable organization of his choosing. The Board also determined that certain members of the Board and management should be entitled to participate in this Special Bonus on account of their role and contribution to the DundeeWealth Transaction, and their awards have been disclosed, as applicable, in the Directors Compensation Table and the Summary Compensation Table.

The DundeeWealth Transaction represented a significant milestone for the Company. DundeeWealth was established as a subsidiary of the Company in 1998 and was developed into a diversified independent wealth management company which oversaw $83.3 billion in fee earning assets on completion of the DundeeWealth Transaction. In allocating $12 million of the Special Bonus to Mr. Ned Goodman, the Board considered Mr. Ned Goodman's central role and responsibility in establishing and developing DundeeWealth and for creating significant shareholder value for the Company and its Shareholders as a result of the DundeeWealth Transaction:

- The completion of the DundeeWealth Transaction was the culmination of ongoing discussions and negotiations conducted between BNS and the Company over a period of approximately 3 years under Mr. Ned Goodman's direct participation and leadership; Mr. Ned Goodman's involvement in structuring and negotiating all aspects of the transaction was critical to the success of the transaction.

- The consideration received by DundeeWealth shareholders of approximately $21.00 per share represented a significant premium to the trading price of the DundeeWealth shares on the TSX.

- The value created for the Company, as a result of the DundeeWealth Transaction was significant. On the sale of DundeeWealth for approximately $3.2 billion, the Company received aggregate proceeds of approximately $1.4 billion, representing a gain on the sale of approximately $870 million.

- In support of the successful acquisition of DundeeWealth by BNS, Mr. Ned Goodman agreed to continue serving as Chairman of DundeeWealth.

- In the Board's view, the DundeeWealth Transaction would not have occurred without Mr. Ned Goodman's skills, commitment, perseverance, endorsement and support; Mr. Ned Goodman faithfully and enthusiastically pursued the transaction in a manner that maximized value for the Company and its Shareholders.

**Benefits**

The Company offers group life, health and dental insurance, paid time off and other benefits to executives as an investment in employee health and well-being. The Company does not have a pension plan, although it has a Supplementary Executive Retirement Plan for Mr. Ned Goodman. See *"Retirement Arrangements"*.

All employees of the Company may participate in the Share Purchase Plan component of the Share Incentive Plan following the completion of a six month service period. The Compensation Committee annually reviews the Share Purchase Plan and, if renewed, determines the terms of such renewal. In respect of 2011, each participant was entitled to contribute up to 10% of their annual base salary to purchase Subordinate Voting Shares and receives a 100% Company matching contribution. In respect of fiscal 2012, the Board approved the renewal of the Share Purchase Plan on the same terms as 2011.

All employees of the Company may also participate in the group retirement savings plan (the "GRSP") following six months of continuous employment and depending on a participant's years of service to the Company, he or she will be entitled to contribute 3%, 6% or 9% of his or her annual base salary to the

GRSP and receive a 100% Company matching contribution. All contributions are subject to limits pursuant to the *Income Tax Act* (Canada).

### Perquisites

The Company currently provides a limited number of perquisites to the NEOs which the Board considers reasonable and competitive. Perquisites offered by the Company, which may include parking, car allowance and executive medical, varies among executives and are consistent with market practice.

## COMPENSATION RISK

The Compensation Committee considers the implications of the risks associated with the Company's compensation policies and practices in the course of reviewing and recommending to the Board the compensation packages for the NEOs and officers of the Company. The Company's compensation policies and practices incorporate features designed to mitigate risk without diminishing the incentive nature of the compensation, and to encourage and reward prudent business judgement and appropriate risk taking over the long term. Accordingly, the Compensation Committee's role in this respect includes the review of an executive's compensation to ensure that there is a balance between long term and short term incentives as well as adequate policies and procedures in place to mitigate excessive risk taking including the use of long term incentives such as stock options which vest and pay out over a period of five years and the establishment and monitoring of share ownership requirements for executives to ensure alignment with shareholder interest over the long term.

### Hedging

The NEOs and directors of the Company are not formally prohibited from purchasing financial instruments designated to hedge or offset a decrease in the market value of the Subordinate Voting Shares, including shares underlying share based compensation or otherwise held directly or indirectly by a NEO or director.

## COMPENSATION OF PRESIDENT AND CHIEF EXECUTIVE OFFICER AND CHIEF FINANCIAL OFFICER

Mr. Ned Goodman, the President and CEO of the Company, is a principal Shareholder of the Company. See *"Voting Securities and Principal Holders Thereof"*. The components of the total compensation of Mr. Ned Goodman and the manner in which they are reviewed and evaluated by the Compensation Committee are similar to those for other executive officers of the Company and are discussed above. Mr. Ned Goodman receives a base salary and annual incentive compensation, if any, based on the performance of the Company and individual performance. The review of Mr. Ned Goodman's performance includes an evaluation of strategy, management and risk management, business development and financial performance of the Company.

Mr. Ned Goodman's total base salary for the financial year ended December 31, 2011 was $700,000, unchanged from the prior year, of which $600,000 was paid by the Company and $100,000 was paid by Dundee Realty, a subsidiary of the Company.

The discretionary cash annual incentive compensation for the financial year ended December 31, 2011 paid to Mr. Ned Goodman by the Company was $2,000,000. In addition, Mr. Ned Goodman was awarded a Special Bonus of $12,000,000 as a performance bonus in respect of the DundeeWealth Transaction, details of which are described above. See *"Components of Compensation – Special Bonus"*. Mr. Ned Goodman requested, and the Board agreed, that the full amount of his Special Bonus be donated to a charitable organization. Mr. Ned Goodman has elected to take 100% of his discretionary bonus in Units under the Company's DSU Plan.

Ms. Lucie Presot, the Vice President and Chief Financial Officer of the Company, receives a base salary and annual and long term incentive compensation, if any, based on the performance of the Company and individual performance. Ms. Lucie Presot's base salary for the financial year ended December 31, 2011 was $350,000. The discretionary cash annual compensation for the financial year ended December 31, 2011 paid to Ms. Lucie Presot was $250,000. In addition, Ms. Lucie Presot received a performance bonus of $250,000 in recognition of her role in respect of the DundeeWealth Transaction.

## EXECUTIVE SHARE OWNERSHIP GUIDELINES

In order to better align the interests of the Company's executives with the long-term interests of the Company and its Shareholders, the Board has approved the Executive Share Ownership Policy (the "ESOP") which outlines share ownership requirements for designated executives of the Company. Each executive, based on position, is generally required to hold Subordinate Voting Shares of the Company based on the higher of the aggregate acquisition cost or market value that is a multiple of between one-quarter to five times the executive's base salary.

Executives must obtain the share ownership levels required by the ESOP by the later of: (i) the fifth anniversary of implementation of the ESOP; and (ii) five years from the date the executive achieved the position requiring share ownership. For purposes of this policy, "share ownership" will be satisfied where the vested and unvested Subordinate Voting Shares or unit equivalents are awarded, allocated or held by the executive under the following plans: Deferred Share Unit Plan, Share Purchase Plan, Share Bonus Plan and the GRSP, as well as any acquisitions of Subordinate Voting Shares in the open market. Stock options, whether vested or unvested, are not included in satisfying the ESOP requirements. An executive is not expected to purchase additional Subordinate Voting Shares to compensate for or offset subsequent decreases in market value of Subordinate Voting Shares as long as he or she remains at the same salary and/or title level.

As at April 30, 2012, all of the NEOs who are subject to the ESOP were above the target ownership level. Mr. Michael Cooper is not subject to the ESOP but he is required to comply with the share ownership guidelines applicable to directors of the Company. See *"Director Share Ownership Guidelines"*.

## SUMMARY COMPENSATION TABLE

The following table (presented in accordance with NI 51-102) sets forth all annual and long-term compensation for services in all capacities to the Company and its Subsidiaries for the financial years ended December 31, 2009, December 31, 2010 and December 31, 2011 in respect of each of the individuals who were, at December 31, 2011, NEO's. The following disclosure includes, as required, compensation paid to certain of the Named Executive Officers by Dundee Realty, Dundee Resources, Dundee Energy and/or Eurogas International Inc. ("Eurogas International") and other affiliates where indicated.

| Name / Title / Company | | Year | Salary[(1)] ($) | Share-Based Awards[(2)] ($) | Option-Based Awards[(3)] ($) | Non-Equity Annual Incentive Plans[(4)] ($) | All Other Compensation[(5)(6)] ($) | Total Compensation ($) |
|---|---|---|---|---|---|---|---|---|
| **Ned Goodman**<br>President and Chief Executive Officer of Dundee Corporation | Company | 2011 | 600,000 | - | - | 2,000,000 discretionary<br>12,000,000 special bonus | 167,738 | 15,037,835 |
| | Subsidiary | 2011 | 100,000 | - | - | - | 170,097 | |
| | Company | 2010 | 600,000 | - | - | 1,500,000 discretionary<br>4,000,000 performance | 153,545 | 6,606,212 |
| | Subsidiary | 2010 | 100,000 | - | 190,667 | - | 62,000 | |
| | Company | 2009 | 600,000 | - | 2,840,000 | 500,000 | 167,733 | 4,508,633 |
| | Subsidiary | 2009 | 100,000 | 7,650 | 3,000 | - | 290,250 | |
| **Lucie Presot**<br>Vice President and Chief Financial Officer of Dundee Corporation | Company | 2011 | 350,000 | - | - | 250,000 discretionary<br>250,000 special bonus | 59,335 | 909,335 |
| | Subsidiary | 2011 | - | - | - | - | - | |
| | Company | 2010 | 331,250 | - | - | 250,000 discretionary<br>100,000 performance | 54,955 | 831,538 |
| | Subsidiary | 2010 | - | - | 95,333 | - | - | |
| | Company | 2009 | 258,333 | - | 397,600 | 250,000 | 43,922 | 957,505 |
| | Subsidiary | 2009 | - | 7,650 | - | - | - | |
| **Michael Cooper**<br>President and Chief Executive Officer of Dundee Realty Corporation | Company | 2011 | - | - | - | 3,000,000 discretionary | 80,000 | 3,648,833 |
| | Subsidiary | 2011 | 550,000 | - | - | - | 18,833 | |
| | Company | 2010 | - | - | - | - | 67,000 | 4,635,610 |
| | Subsidiary | 2010 | 550,000 | - | - | 4,000,000 discretionary | 18,610 | |
| | Company | 2009 | - | - | - | 250,000 | 22,477 | 884,885 |
| | Subsidiary | 2009 | 600,000 | - | - | - | 12,408 | |
| **Murray John**<br>President and Chief Executive Officer of Dundee Resources Limited | Company | 2011 | - | - | - | 2,000,000 discretionary | 49,998 | 2,349,998 |
| | Subsidiary | 2011 | 300,000 | - | - | - | - | |
| | Company | 2010 | - | - | - | 1,000,000 discretionary<br>4,000,000 performance | 50,097 | 5,350,097 |
| | Subsidiary | 2010 | 300,000 | - | - | - | - | |
| | Company | 2009 | - | - | 213,000 | 500,000 | 12,290 | 1,025,290 |
| | Subsidiary | 2009 | 300,000 | - | - | - | - | |
| **Bruce Sherley**<br>Vice President of Dundee Resources Limited and President of Dundee Oil and Gas Limited | Company | 2011 | - | - | - | 500,000 discretionary | - | 792,197 |
| | Subsidiary | 2011 | 250,000 | - | - | - | 42,197 | |
| | Company | 2010 | - | - | - | - | - | 983,197 |
| | Subsidiary | 2010 | 243,750 | - | 190,667 | 500,000 discretionary | 48,780 | |
| | Company | 2009 | - | - | - | - | - | 422,749 |
| | Subsidiary | 2009 | 225,000 | - | - | 170,000 discretionary | 27,749 | |

(1) Represents base salary paid to each NEO in respect of the years ended December 31, 2011, December 31, 2010 and December 31, 2009. For Messrs. Ned Goodman and Michael Cooper, the amounts disclosed in the Subsidiary column is in respect of services provided to Dundee Realty. For Messrs. Murray John and Bruce Sherley, the amount disclosed is in respect of services provided to Dundee Resources.

(2) Represents the value of deferred share units under Dundee Energy's Deferred Share Unit Plan awarded to Mr. Ned Goodman and Ms. Lucie Presot in 2009.

(3) Option-based award values disclosed correspond to the compensation value which the board of directors of each company intended to provide to the applicable NEO for the covered year. No options were awarded to the NEOs by the Company and/or Subsidiaries in 2011.

The amounts included in the Company column in 2009 represent the value of 1,000,000, 140,000 and 75,000 options granted to Mr. Ned Goodman, Ms. Lucie Presot and Mr. Murray John, respectively. The following assumptions were used for the purpose of calculating the grant date fair value of such options: an option term of five and one-half years to exercise, a projected dividend yield of 0% per annum, a projected stock price volatility of 26% and a risk free interest rate of 2.90%. The options granted by the Company were valued using the Black-Scholes methodology and on that basis ascribe a value of $2.84 per option. The grant date fair value of the options used for accounting purposes under Canadian GAAP at the time of grant was $4.04 per option using a binominal lattice methodology and the following assumptions: an option term of five and one-half years to exercise, the dividend yield as at the grant date of 0% per annum; a historical stock price volatility of 46.6% and a risk free interest rate of 2.9%. The difference between the grant date fair value for compensation purposes and that for accounting purposes is the result of an estimated stock price volatility of the Company's share price in a more stable global market economy.

The amount included in the Subsidiary column in 2009 for Mr. Ned Goodman represents the value of 100,000 options awarded to Mr. Ned Goodman by Eurogas International. For Eurogas International, the grant date fair value used for accounting purposes under Canadian GAAP at the time of grant was $0.03 per option using a Black-Scholes methodology and the following assumptions: an option term of three years to exercise, a dividend yield of 0% per annum, a projected stock price volatility of 100% and a risk-free interest rate of 1.5%.

The amounts included in the Subsidiary column in 2010 for Mr. Ned Goodman, Ms. Lucie Presot and Mr. Bruce Sherley represents the value of 400,000, 200,000 and 400,000 options, respectively, awarded to each of them by Dundee Energy. For Dundee Energy, option based values disclosed correspond to the accounting values of such awards using a binominal lattice methodology, resulting in a fair value between $0.43 and $0.52 per option.

(4) For Mr. Ned Goodman, the amounts reported in the Company column represent the annual cash bonus amounts awarded to him by the Company in respect of 2009, 2010 and 2011. Mr. Ned Goodman requested, and in each year the Board approved, that all or a portion of Mr. Ned Goodman's bonus be directed to a charitable organization. In respect of 2011, Mr. Ned Goodman was awarded a discretionary bonus of $2,000,000 and a Special Bonus of $12,000,000. Mr. Ned Goodman has elected to take 100% of his discretionary bonus in Units under the Company's DSU Plan. 100% of his Special Bonus will be donated to a charitable organization. For a description and discussion of the Special Bonus see *"Components of Compensation – Special Bonus"* above.

For Ms. Lucie Presot and Messrs. Michael Cooper, Murray John and Bruce Sherley, the amounts reported represent the annual cash bonus awarded by the Company to the NEO in respect of 2009, 2010 and 2011.

(5) Amounts disclosed in the Company column represent the aggregate of any matching contributions made by the Company to the NEO under the GRSP and/or the Share Purchase Plan, the value of any perquisites, and the value of any directors fees paid to the NEO by the Company. For more information on the Share Purchase Plan, see *"Equity Compensation Plans"* below. For 2009, 2010 and 2011, the value of perquisites and other personal benefits for each NEO was less than $50,000 or 10% of the amount of total compensation.

In respect of 2011, this amount also includes, for Mr. Ned Goodman, an aggregate of $80,000 in directors fees paid to Mr. Ned Goodman by the Company and the aggregate matching contribution of the Company under the Share Purchase Plan of $70,000 and other benefits and perquisites. Mr. Ned Goodman elected to take 100% of his directors' fees of $80,000 in DSUs under the Company's DSU Plan.

For Ms. Lucie Presot, the amounts disclosed for 2011 include a $11,225 contribution by the Company to the GRSP and the aggregate matching contribution of the Company under the Share Purchase Plan of $35,000. For Mr. Murray John, the amounts disclosed for 2011 include an $11,225 contribution by the Company to the GRSP and the aggregate matching contribution of the Company under the Share Purchase Plan of $30,000. For Mr. Michael Cooper, the amounts disclosed for 2011 include an aggregate of $80,000 in directors fees paid to Mr. Michael Cooper by the Company. Mr. Michael Cooper elected to take 50% of aggregate directors fees in DSUs.

Amounts disclosed in the Subsidiary column represent the value of any perquisites and the value of any directors fees paid to the NEO by Dundee Realty and/or Eurogas International. For 2009, 2010 and 2011, the value of perquisites and other personal benefits for each NEO was less than $50,000 or 10% of the amount of total compensation.

The amount disclosed for Mr. Ned Goodman in the Subsidiary column for 2011 includes $116,000 in directors' fees paid to Mr. Ned Goodman by Dundee Energy, $33,000 in directors' fees paid by Eurogas International and $21,097 paid by DundeeWealth (for the period during 2011 that DundeeWealth was a subsidiary of the Company).

(6) The Company has not implemented a defined benefit or defined contribution pension plan for its employees or NEOs. In lieu of pension plan participation, employees of the Company and designated subsidiaries may participate in the Share Purchase Plan component of the Company's Share Incentive Plan and in the GRSP. See *"Compensation Discussion and Analysis – Components of Compensation – Benefits"* above. For information relating to the supplementary executive retirement plan for Mr. Ned Goodman, see *"Retirement Arrangements"* below.

## OUTSTANDING OPTION-BASED AWARDS – NAMED EXECUTIVE OFFICERS

The following table provides a summary of all unexercised options awarded to NEOs as at December 31, 2011 on an award by award basis. No share-based awards were granted to NEOs by the Company in fiscal 2011.

### Outstanding Option-Based Awards Table – Company

| | Option-Based Awards | | | |
|---|---|---|---|---|
| **Name / Award Date** | **Number of Securities Underlying Unexercised Options** | **Option Exercise Price** | **Option Expiration Date** | **Value of Unexercised in-the-Money Options(1)** |
| Ned Goodman | | | | |
| August 12, 2009 | 1,000,000 | $9.40 | February 12, 2015 | $14,190,000 |
| Lucie Presot | | | | |
| August 12, 2009 | 140,000 | $9.40 | February 12, 2015 | $1,986,600 |
| Michael Cooper | | | | |
| - | - | - | - | - |
| Murray John | | | | |
| August 12, 2009 | 75,000 | $9.40 | February 12, 2015 | $1,064,250 |
| Bruce Sherley | | | | |
| - | - | - | - | - |

(1) The value is based on the difference between the market value of the shares underlying the options at the end of the most recently completed financial year ($23.59) and the exercise price of the option.

The following table provides a summary of all unexercised options awarded to NEOs of the Company as at December 31, 2011 from Subsidiaries of the Company. No share based awards from Subsidiaries of the Company are outstanding to NEO's of the Company.

### Outstanding Option-Based Awards – Subsidiaries

| Name / Award Date | Option-Based Awards | | | |
|---|---|---|---|---|
| | Number of Securities Underlying Unexercised Options | Option Exercise Price | Option Expiration Date | Value of Unexercised in-the-Money Options(1) |
| Ned Goodman | | | | |
| May 17, 2007 | 350,000 | $1.12 | May 17, 2012 | $0(2) |
| October 29, 2010 | 400,000 | $0.81 | October 29, 2015 | $0(2) |
| June 15, 2009 | 100,000 | $0.10 | June 15, 2014 | $0(3) |
| Lucie Presot | | | | |
| October 29, 2010 | 200,000 | $0.81 | October 29, 2015 | $0(2) |
| Michael Cooper | | | | |
| - | - | - | - | - |
| Murray John | | | | |
| - | - | - | - | - |
| Bruce Sherley | | | | |
| October 29, 2010 | 400,000 | $0.81 | October 29, 2015 | $0(2) |

(1) The value is based on the difference between the market value of the shares underlying the options at the end of the most recently completed financial year (Dundee Energy - $0.63; Eurogas International - $0.01) and the exercise price of the option.

(2) Represents options awarded by Dundee Energy.

(3) Represents options awarded by Eurogas International.

## INCENTIVE PLAN AWARDS TABLE – NAMED EXECUTIVE OFFICERS

The following table sets forth information regarding the vesting of option-based awards of the Company to the NEOs in the fiscal year ended December 31, 2011. No share-based awards of the Company vested to the NEOs in the fiscal year ended December 31, 2011.

## INCENTIVE PLAN AWARDS TABLE – COMPANY

| Name | Option-Based Awards – Value Vested During the Year(1) |
|---|---|
| Ned Goodman | $2,602,000 |
| Lucie Presot | $364,280 |
| Michael Cooper | - |
| Murray John | $195,150 |
| Bruce Sherley | - |

(1) This value was determined by calculating the difference between the market price of the underlying shares and the exercise price of the options on the vesting date ($22.41).

## INCENTIVE PLAN AWARDS TABLE – SUBSIDIARIES

The following table sets forth information regarding the vesting of Subsidiary option-based awards to the NEOs in the fiscal year ended December 31, 2011. No share based awards vested to the NEOs from Subsidiaries in 2011.

| Name | Option-Based Awards – Value Vested During the Year(1)(2) |
|---|---|
| Ned Goodman | $0 |
| Lucie Presot | $0 |
| Michael Cooper | - |
| Murray John | - |
| Bruce Sherley | $0 |

(1) This value was determined by calculating the difference between the market price of the underlying shares and the exercise price of the options on the applicable vesting date.

(2) Represents the value of options awarded by Dundee Energy and Eurogas International, as applicable.

## EMPLOYMENT ARRANGEMENTS

Through NGIC, Mr. Murray John may receive a performance bonus equal to a portion of the performance fees, if any, earned by NGIC under certain sub-advisory agreements. No performance fees were earned in respect of the year ended December 31, 2011.

## RETIREMENT ARRANGEMENTS

In 2002, the Compensation Committee and the Board, together with the board of directors and the compensation committee of the board of directors of DundeeWealth (formerly a subsidiary of the Company), approved the establishment of a special retirement plan (the “Supplementary Executive Retirement Plan”) for Mr. Ned Goodman. The Supplementary Executive Retirement Plan was finalized by DundeeWealth effective as of January 28, 2011 in respect of the portion of the annual benefit (75% or $225,000 per annum), which will be paid by DundeeWealth. The pension is intended to supplement the maximum pension prescribed by the *Income Tax Act* (Canada) if, as and when applicable. The expected aggregate annual retirement benefit for Mr. Ned Goodman is $300,000 of which the remaining 25% or $75,000 per annum will be paid by the Company.

Mr. Garth A. C. MacRae, formerly the Vice Chairman of the Company and currently a director of the Company, retired as Vice Chairman of the Company on March 22, 2004. Mr. Garth A. C. MacRae receives from the Company an annual retirement allowance benefit of $100,000.

## INDEBTEDNESS OF DIRECTORS AND EXECUTIVE OFFICERS

### AGGREGATE INDEBTEDNESS

The following table sets out the aggregate indebtedness of all current and former executive officers, directors and employees of the Company and its subsidiaries as of April 30, 2012 to: (i) the Company or any of its subsidiaries; and (ii) another entity if the indebtedness is the subject of a guarantee, support agreement, letter of credit or other similar arrangement or understanding provided by the Company or any of its subsidiaries (if any):

| Aggregate Indebtedness | | |
|---|---|---|
| **Purpose** | **To the Company or its Subsidiaries** | **To Another Entity** |
| Share purchases | $1,375,000[(1)] | $0 |
| Other | $5,133,634[(2)] | $0 |

(1) Represents share purchase loans to designated officers and employees of a subsidiary of the Company.

(2) Includes $4,673,634 in advances to financial advisors in connection with the transfer of assets under administration or assets under management to Dundee Securities Ltd.

# EQUITY COMPENSATION PLANS

## SHARE INCENTIVE PLAN

The Share Incentive Plan of the Company is designed to advance the interests of the Company by encouraging employees, officers and directors of the Company and affiliates thereof, which may be designated from time to time in accordance with the Share Incentive Plan, to hold equity in the Company. The Share Incentive Plan consists of a share purchase component, a share bonus component and a share option component, each of which is described in greater detail below.

Awards under the Share Incentive Plan are not assignable or transferable other than pursuant to a will or by the laws of descent and distribution unless otherwise approved by the directors of the Company, except for the assignability in certain circumstances of options awarded pursuant to such share option component. See *"Share Option Component"*.

The Share Incentive Plan provides that the Board may approve, and Shareholder approval is not required for, amendments to the Share Incentive Plan, except for any amendment or modification that: (i) increases the number of Subordinate Voting Shares reserved for issuance under the Share Incentive Plan (except for the purpose of maintaining award value in connection with a stock split, consolidation, share dividend, recapitalization, change of control, or similar event); (ii) reduces the exercise price of an award to the benefit of an insider (except for the purpose of maintaining award value in connection with a stock split, consolidation, share dividend, recapitalization, change of control, or similar event); or (iii) extends the exercise term of an award beyond the original expiry date of such award.

The aggregate maximum number of Subordinate Voting Shares available under the Share Incentive Plan is 15,480,000, which, as of April 30, 2012, represents 29.9% of the Company's outstanding Subordinate Voting Shares. As of April 30, 2012, an aggregate of 6,950,447 Subordinate Voting Shares have been issued, 1,290,000 Subordinate Voting Shares are issuable pursuant to awards that have been granted and remain outstanding and 7,239,553 remain available for issuance under the Share Incentive Plan, representing 13.4%, 2.5% and 14.0%, respectively, of the Company's outstanding Subordinate Voting Shares.

Subordinate Voting Shares which would have been issuable upon exercise of options or settlement of other awards under the Share Incentive Plan that are surrendered, forfeited or cancelled or that terminate or expire without being exercised or settled, and Subordinate Voting Shares that are surrendered to the Company as payment of exercise price, withholding tax or as part of an award exchange program, will again become available for issuance under the Share Incentive Plan.

The Share Incentive Plan provides that the number of Subordinate Voting Shares issuable to insiders of the Company, at any time under all security based compensation arrangements of the Company, shall not exceed 10% of the total number of Subordinate Voting Shares then issued and outstanding, and the number of Subordinate Voting Shares issued to insiders, within any one year period, under all security based compensation arrangements of the Company, shall not exceed 10% of the total number of Subordinate Voting Shares then issued and outstanding.

**Share Purchase Component**

The share purchase component comprising part of the Share Incentive Plan (the “Share Purchase Plan”) permits eligible participants, who are designated from time to time and elect to participate in the Share Purchase Plan, to contribute to the Share Purchase Plan up to the amount established from time to time in accordance with the Share Incentive Plan, which amount may not exceed 10% of the basic annual remuneration of the participant or such other maximum amount to be determined in accordance with the Share Incentive Plan. The Company may match up to the full amount of each participant’s contribution to the Share Purchase Plan. Under the Share Purchase Plan: (i) Subordinate Voting Shares may be issued to each participant from treasury having a value equal to the aggregate amount contributed to the Share Purchase Plan by the participant and the Company in respect of such participant (the “Treasury Alternative”) and, in such case, Subordinate Voting Shares are deemed to be issued at a price equal to the simple average of the high and low trading prices of such shares on the TSX for the five prior consecutive trading days ending three trading days immediately prior to the date of issue of such shares; or (ii) Subordinate Voting Shares may be purchased on the open market having a value equal to the amount contributed to the Share Purchase Plan by the participant and the Company in respect of such participant (the “Market Alternative”) instead of issuing Subordinate Voting Shares from treasury. The Board approved in respect of 2011 and 2012 the Market Option, except for participation of the CEO which is satisfied by issuances from treasury.

If there is a take-over bid or issuer bid (within the meaning of the *Securities Act* (Ontario), other than an exempt take-over bid or exempt issuer bid for the purposes of the *Securities Act* (Ontario), made for the outstanding Subordinate Voting Shares, or if the Subordinate Voting Shares become convertible into Common Shares as a result of a take-over bid being made for the Common Shares, the directors of the Company may permit the issue and/or delivery to participants of unvested Subordinate Voting Shares (if any) under the Share Purchase Plan in order to permit Subordinate Voting Shares or Common Shares to be tendered to such take-over bid or issuer bid.

Subject to any employment agreement, in the event of a participant ceasing to be employed by the Company and its designated affiliates due to retirement, long-term disability or death, the participant shall automatically cease to be entitled to participate in the Share Purchase Plan. Delivery of any unvested Subordinate Voting Shares, if any, shall not be accelerated and shall occur on the date the Subordinate Voting Shares would otherwise have been delivered.

Subject to any employment agreement, in the event of a participant ceasing to be employed by the Company and its designated affiliates for any reason other than retirement, long-term disability or death, the participant shall automatically cease to be entitled to participate in the Share Purchase Plan and any cash portion of the participant’s contribution shall be paid to the participant and any cash portion of the Company’s contribution shall be forfeited. Subject to the discretion of the directors of the Company to release Subordinate Voting Shares to the participant, in respect of the Subordinate Voting Shares then held in safekeeping for the participant (if any), the participant under the Treasury Alternative will receive an amount equal to the lesser of the participant’s contribution and an amount equal to the Participant’s pro rated share of the loss on the Subordinate Voting Shares, and under the Market Alternative, the participant will receive the Subordinate Voting Shares on the date they otherwise would have been delivered.

During the year ended December 31, 2011, 5,993 Subordinate Voting Shares were issued by the Company under the Share Purchase Plan. As of April 30, 2012, an aggregate of 1,130,800 Subordinate Voting Shares have been issued (representing 2.18% of the Company’s outstanding Subordinate Voting Shares) under the Share Purchase Plan.

**Share Option Component**

Under the share option component comprising part of the Share Incentive Plan (the "Share Option Plan"), options ("Options") to purchase Subordinate Voting Shares may be granted to eligible participants (collectively, "Optionees") designated under the Share Incentive Plan. Optionees to whom Options will be granted, the number of Options to be granted and the exercise price of each Option will be determined in accordance with the Share Incentive Plan. The exercise price per Subordinate Voting Share may not be less than the closing price of the Subordinate Voting Shares on the TSX or on such other stock exchange or over-the-counter market on which the Subordinate Voting Shares are then listed or quoted, as the case may be, on the last trading day immediately preceding the day the Option is granted or, if the Subordinate Voting Shares are not then listed or quoted on a stock exchange or over-the-counter market, as otherwise determined in accordance with the Share Incentive Plan. Each Option, unless terminated pursuant to the Share Option Plan, will expire on a date to be determined in accordance with the Share Incentive Plan at the time the Option is granted, which date may not exceed 10 years from the date of the grant of the Option. If the directors of the Company do not otherwise determine the Option Period for an Option, the Option Period shall be 10 years commencing on the date of grant of the Option. Each Option will be exercisable over such period as determined at the time of grant; provided that, if no vesting period is determined at the time of grant, the Option will be exercisable as follows: as to one-third, after one year from the grant of such Option; as to an additional one-third, after two years from the grant of such Option; and as to the remaining one-third, after three years from the grant of such Option.

If there is a take-over bid or issuer bid (within the meaning of the *Securities Act* (Ontario)), other than an exempt take-over bid or exempt issuer bid for the purposes of the *Securities Act* (Ontario), made for outstanding Subordinate Voting Shares, or if the Subordinate Voting Shares become convertible into Common Shares as a result of a take-over bid being made for the Common Shares, all Options outstanding may be permitted by the directors of the Company, in accordance with the Share Option Plan, to become immediately exercisable in order to permit Subordinate Voting Shares issuable under such Options, or the Common Shares into which they are exercisable, as the case may be, to be tendered to such take-over bid or issuer bid. If, pursuant to a take-over bid and any compulsory acquisition, an offeror acquires 100% of the Subordinate Voting Shares, or the Subordinate Voting Shares become convertible into Common Shares as a result of a take-over bid being made for the Common Shares and an offeror acquires 100% of the Common Shares, and, in either case, the consideration under the take-over bid includes equity securities of the offeror, the directors of the Company may send a notice to all Optionees requiring them to surrender their Options within 10 days of the mailing of such notice provided that: (i) the offeror delivers with such notice an irrevocable and unconditional offer to grant replacement options to purchase such equity securities; (ii) the directors of the Company have determined, in good faith, that such replacement options have substantially the same economic value as the Options being surrendered; and (iii) the surrender of Options and the granting of replacement options can be effected on a tax free roll-over basis under the *Income Tax Act* (Canada).

The Share Option Plan also provides for share appreciation rights. An Optionee may, rather than exercise any Option which such Optionee is then entitled to exercise under the Share Option Plan, terminate such Option, in whole or in part, and, in lieu of receiving the Subordinate Voting Shares to which the terminated Option relates: (a) receive that number of Subordinate Voting Shares (disregarding fractions) which, when multiplied by the fair value of the Subordinate Voting Shares (which shall be the weighted average price of the Subordinate Voting Shares on the TSX for the five trading days immediately preceding the date of termination of such Option or, if the Subordinate Voting Shares are not then listed or quoted on a stock exchange or over-the-counter market, as otherwise determined in accordance with the Share Incentive Plan) to which the terminated Option relates, has a total value equal to the product of the number of such Subordinate Voting Shares multiplied by the difference between the fair value and the exercise price of the terminated Option, less any amount required to be withheld on account of income taxes; or (b) with the consent of the Company, receive cash equal to the product of the number of Subordinate Voting Shares to which the Option so terminated relates multiplied by the difference between the fair value of the Subordinate Voting Shares to which the terminated Option relates and the exercise price of the terminated Option, less any amount required to be withheld on account of income taxes.

Subject to approval by the Board, and, if required, regulatory approval, an Optionee may assign Options in limited circumstances.

Subject to any employment agreement, in the event of retirement, long-term disability or death of an Optionee, any vested Options held by the Optionee shall become immediately exercisable and shall be exercisable by the Optionee, or the person or persons to whom the rights pass by the will of the Optionee or the laws of descent and distribution, for a period of time that is the earlier of: (i) 12 months after the date of retirement, long-term disability or death; and (ii) the expiry of the period during which the Options are exercisable. All unvested Options terminate immediately on the date of termination of employment.

Subject to any employment agreement, in the event of an Optionee ceasing to be employed by or provide services to the Company and its designated affiliates for any reason other than retirement, long-term disability or death or termination for "cause" or in the event of a participant ceasing to be a director of the Company and its designated affiliates, the Optionee may only exercise vested Options for the period that is the earlier of: (i) 60 days following such event; and (ii) the expiry of the period during which the Options are exercisable. All unvested Options terminate immediately on the date of termination of employment.

During the year ended December 31, 2011, 8,000 Subordinate Voting Shares were issued by the Company upon exercise of Options. As of April 30, 2012, an aggregate of 5,603,647 Subordinate Voting Shares have been issued on the exercise of Options and Options to purchase an aggregate of 1,290,000 Subordinate Voting Shares were outstanding (representing 2.49% of the Company's outstanding Subordinate Voting Shares).

### Share Bonus Component

The share bonus component comprising part of the Share Incentive Plan (the "Share Bonus Plan") permits Subordinate Voting Shares to be issued as a discretionary bonus to eligible participants who are designated under the Share Incentive Plan from time to time on terms established in accordance with the Share Incentive Plan.

The Company did not issue any Subordinate Voting Shares under the Share Bonus Plan during the year ended December 31, 2011.

As of April 30, 2012, an aggregate of 216,000 Subordinate Voting Shares have been issued (representing 0.42% of the Company's outstanding Subordinate Voting Shares) under the Share Bonus Plan.

## DEFERRED SHARE UNIT PLAN

The purpose of the DSU Plan is to significantly strengthen the link between the interests of eligible directors, officers and employees of the Company and affiliates thereof (the "Participants") and the interests of the Shareholders by providing Participants with long-term incentive tied to the long-term performance of the Subordinate Voting Shares. The DSU Plan is administered by the Compensation Committee. Under the DSU Plan, a Participant may be granted, on an annual or more frequent basis, Units in such number and effective as of such date as the Compensation Committee shall specify and based on certain criteria determined by the Compensation Committee including services performed or to be performed by the Participant. In addition, the Compensation Committee may, in its sole discretion, impose certain conditions on the grant of Units which would have to be met for the Participant to be entitled to receive payment in respect of the Units granted. The Units are credited to an account maintained for the Participant by the Company or its affiliates, as specified by the Compensation Committee, and are subject to adjustment for dividends and anti-dilution events including the subdivision, consolidation or reclassification of the outstanding Subordinate Voting Shares.

A Participant is only entitled to payment in respect of Units granted to him or her when the Participant ceases to be employed by the Company or an affiliate thereof for any reason and the Participant is not a director of the Company or an affiliate thereof. Upon termination, the Participant (or the legal representative of such Participant's estate) may irrevocably elect the date as of which the value of his or her Units shall be determined and paid (the "Entitlement Date") based on certain criteria set out in the DSU Plan. The value of the Units in respect of a Participant at the Entitlement Date (the "Redemption Value") will be the product of: (i) the number of Units credited to the Participant's account; and (ii) the market value of a Subordinate Voting Share on the TSX as at the Entitlement Date. The Redemption Value shall, as specified by the Compensation Committee in its sole discretion, after deduction of any applicable taxes and other required source deductions, be satisfied and paid to the Participant (or the legal representative of such Participant's estate) in its entirety or as a combination of: (i) a conversion into and issuance from treasury of Subordinate Voting Shares; (ii) a cash payment; or (iii) Subordinate Voting Shares acquired in the open market.

The maximum number of Subordinate Voting Shares that may be issued from treasury under the DSU Plan is 1,500,000. For the year ended December 31, 2011, 36,639 Units were granted under the DSU Plan. As of April 30, 2012, 11,379 Subordinate Voting Shares have been issued on the exercise of Units, an aggregate of 1,141,265 Units were outstanding and an aggregate of 347,356 Subordinate Voting Shares remained available for the grant of Units under the DSU Plan.

The DSU Plan provides that the number of Subordinate Voting Shares issuable to insiders of the Company, at any time under all security based compensation arrangements of the Company, shall not exceed 10% of the total number of Subordinate Voting Shares then issued and outstanding, and the number of Subordinate Voting Shares issued to insiders, within any one year period, under all security based compensation arrangements of the Company, shall not exceed 10% of the total number of Subordinate Voting Shares then issued and outstanding.

## EQUITY COMPENSATION PLAN INFORMATION

The following table sets forth details of the securities authorized for issuance under the Company's equity compensation plans as at December 31, 2011:

| Plan Category | Number of Securities to be Issued upon Exercise of Outstanding Options, Warrants and Rights[(1)] | Weighted-Average Exercise Price of Outstanding Options, Warrants and Rights | Number of Securities Remaining Available for Future Issuance Under Equity Compensation Plans (Excluding Securities Reflected in the First Column) |
|---|---|---|---|
| ***Equity Compensation Plans Approved by Securityholders*** | | | |
| Share Incentive Plan | | | |
| Share Purchase Component | N/A | N/A | N/A |
| Share Bonus Component | N/A | N/A | N/A |
| Share Option Component | 1,402,000 | $9.09 | N/A |
| Share Incentive Plan Total | 1,402,000 | $9.09 | 7,241,481 |
| DSU Plan | 1,116,349 | N/A | 372,272 |
| Total | 2,518,349 | N/A | 7,613,753 |
| ***Equity Compensation Plans Not Approved by Securityholders*** | | | |
| Total | N/A | N/A | N/A |

(1) See *"Share Incentive Plan"* for information relating to securities authorized for issuance under the Company's equity compensation plans as of April 30, 2012.

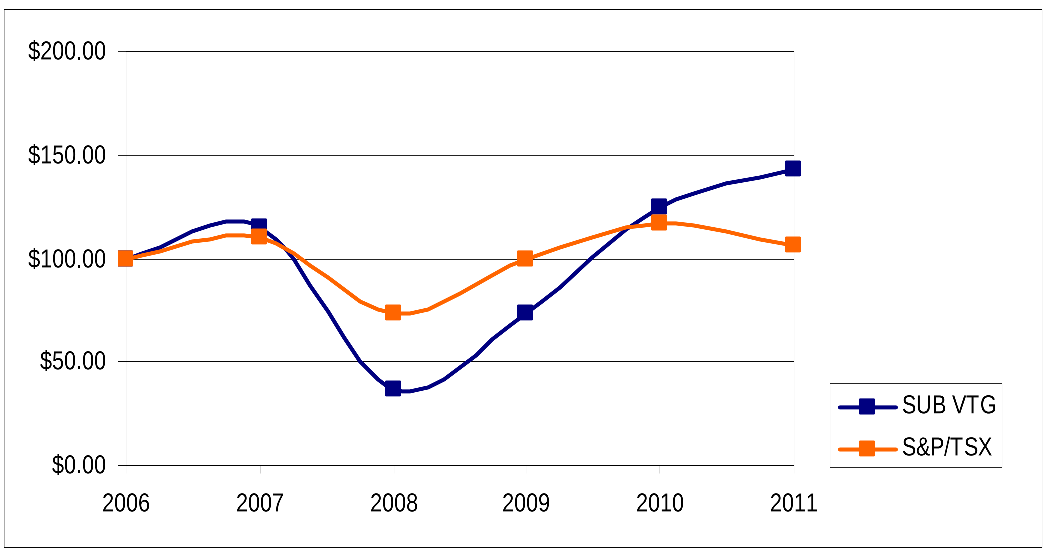
## EXECUTIVE BENEFIT PLAN

The Company has an Executive Benefit Plan in which certain executive officers are eligible to participate. The Executive Benefit Plan is funded by the Company and uses contributions made by the Company to purchase previously issued Shares. The Executive Benefit Plan is administered by the Compensation Committee, which determines the timing and terms of any awards granted to participants under the Executive Benefit Plan.

In October 2009, the President and CEO entered into a private share exchange agreement with the Company's Executive Benefit Plan Trust. The transaction allowed Mr. Ned Goodman's registered retirement plan to exchange 500,805 Subordinate Voting Shares for 500,805 Common Shares of the Company which were previously under option. The transaction was overseen and approved by the Compensation Committee who received a third party opinion. No transactions were undertaken in 2010 or 2011 in respect of the Executive Benefit Plan.

## SHAREHOLDER RETURN PERFORMANCE GRAPH

The following graph compares the yearly percentage change in the cumulative total shareholder return on the Subordinate Voting Shares, for the last five financial years, with the cumulative total return of the S&P/TSX Composite Index, assuming an investment of $100 on December 31, 2006 and assuming dividend reinvestment and excluding trading commissions and taxes.



As discussed above under *"Compensation Discussion and Analysis"*, the Company approaches executive compensation on an overall basis, with different elements of compensation being used to address different expectations of executive performance. Base salary, as a fixed component, does not correlate directly to the market price of the Subordinate Voting Shares but rather reflects factors such as expertise, ability, skill, experience and the role the executive plays in the overall structure of the Company. As such, the fixed components of compensation have remained relatively stable over the measurement period and have not fluctuated with changes in the market value of the Subordinate Voting Shares. Annual variable cash compensation and incentive awards vary year-to-year based on individual performance factors, corporate performance (including special performance bonuses paid in recognition of the completion of significant transactions such as the DundeeWealth Transaction or awarded in respect of contributions made toward the earning of performance fees by the Company's subsidiaries and/or the performance of the Company's investment portfolio) which may include consideration of the market value of the Subordinate Voting Shares, but is not necessarily directly linked to the change in the market value of the Subordinate Voting Shares.

The Company has not paid dividends on the Subordinate Voting Shares since 1991. However, taking into account the 3 for 1 stock split in 2007, the Company has since 1994 purchased for cancellation an aggregate of 55,788,955 Subordinate Voting Shares and Common Shares at an average price of $11.10 per Share, including 10,000,000 Subordinate Voting Shares at a price of $23.75 per share under a substantial issuer bid in 2011.

The Common Shares are not listed on the TSX or any other recognized exchange.

## ADDITIONAL INFORMATION AVAILABLE

A copy of all public documents will be made available without charge in the case of a shareholder of the Company, upon request to the Corporate Secretary of the Company at investor@dundeecorporation.com.

## INTEREST OF INFORMED PERSONS IN MATERIAL TRANSACTIONS

Except as set out above or otherwise disclosed in the 2011 AIF under the heading *"Interests of Management and Others in Material Transactions"*, the Company's 2011 MD&A under the headings "*Related Party Transactions*" and "*Commitments and Contingencies*", and in Note 36 to the consolidated financial statements of the Company as at and for the year ended December 31, 2011 which disclosure is incorporated by reference herein, there has been no transaction since January 1, 2011 or a proposed transaction which has materially affected or would materially affect the Company or any of its Subsidiaries in respect of which any director or executive officer of the Company, any director or executive officer of any of its Subsidiaries, any proposed nominee for director of the Company, any person or company who beneficially owns, directly or indirectly, or who exercises control or direction over, voting securities of the Company carrying more than 10% of the voting rights attached to all outstanding voting securities of the Company, any director or executive officer of such a person or company, or any associate or affiliate of any of the foregoing had a direct or indirect material interest.

## GENERAL INFORMATION

The information contained in this Circular is given as of April 30, 2012, except as otherwise indicated. The contents of this Circular and the sending thereof to the Shareholders of the Company have been approved by the directors of the Company.

**By Order of the Board**

**Lili Mance**
Corporate Secretary

May 9, 2012