

**Q&A:**

**Dundee Corporation Announces Postponement of Special Meeting and Proposed Amended Terms to its Series 4 Preferred Share Exchange Transaction.**

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Dundee Corporation announced on January 6, 2016 the postponement of its special meeting of holders of its First Preference Shares, Series 4 par value \$17.87 (the "Series 4 Preferred Shares"), which was originally scheduled for January 7, 2016, until January 28, 2016 in order for holders of Series 4 Preferred Shares to consider amendments to the terms of the Company's previously announced preferred share exchange transaction (the "Proposed Exchange Amendment"). The December 3, 2015 record date will remain the same under the Proposed Exchange Amendment. The Proposed Exchange Amendment follows consultations with a number of the holders of the Company's Series 4 Preferred Shares.

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**Q. How have the terms of the Proposed Exchange Amendment changed from those originally proposed for consideration at the January 7, 2016 special meeting?**

Under the Proposed Exchange Amendment, each Series 4 Preferred Share will be exchanged for (i) 0.7136 of a First Preference Share, Series 5 (the "Series 5 Preferred Share") with a par value of \$25.00; and (ii) 0.25 of a warrant (the "Warrant"), each whole Warrant entitling the holder thereof to purchase a Class A subordinate voting share of the Company at a price of \$6.00 per share at any time prior to 5:00 p.m. on June 30, 2019.

The primary differences between the terms of the Proposed Exchange Amendment compared to the transaction originally proposed are as follows:

- The dividend rate on the Series 5 Preferred Shares will be increased to 7.5% per annum, as compared to the 6% per annum rate originally proposed, and the 5% per annum rate on the Series 4 Preferred Shares;
- Holders of Series 4 Preferred Shares will also receive 0.25 of a Warrant in addition to the 0.7136 of a Series 5 Preferred Share;
- Up to 15% of the then outstanding Series 5 Preferred Shares of each holder of Series 5 Preferred Shares will be subject to redemption, at the holder's option, at par on June 30, 2016 and up to an additional 17% of the then outstanding Series 5 Preferred Shares of each holder of Series 5 Preferred Shares will be subject to redemption, at the holder's option, at par on January 31, 2018; and
- The one-time consent payment (as defined in the original transaction) of up to 1.25% that would have been payable to a holder of Series 4 Preferred Shares who voted in favour of the original transaction has been replaced with a 1.5% per year increase in the dividend rate payable on all of the Series 5 Preferred Shares.

**Q. What is the date, time and location of the postponed special meeting of the holders of Series 4 Preferred Shares?**

The postponed special meeting of the holders of Series 4 Preferred Shares will be held at 9:00 a.m. (Toronto time) on January 28, 2016, at the offices of Dundee Corporation, 1 Adelaide St. East, Suite 2100, Toronto, Ontario, Canada, M5C 2V9.

**Q. I have already voted in advance of the original January 7, 2016 meeting. Do I need to vote again?**

Yes. Due to the changes in the Proposed Exchange Amendment as outlined above, any votes previously submitted pursuant to the terms of the original transaction will not apply to the Proposed Exchange Amendment and, accordingly, will need to be re-voted in order to be counted. Holders of Series 4 Preferred Shares who wish to vote should therefore follow the directions of their Intermediaries with respect to the procedures for voting their Series 4 Preferred Shares.

Registered holders of Series 4 Preferred Shares who wish to exercise their dissent rights are encouraged to carefully review the section entitled “Dissent Rights” in the amended management information circular and are urged to seek legal advice. Any previous dissents submitted will also not apply to the Proposed Exchange Amendment and, if desired, would need to be re-submitted.

**Q. Why is Dundee Corporation seeking to exchange the Series 4 Preferred Shares for the Series 5 Preferred Shares?**

The Company’s currently outstanding Series 4 Preferred Shares become redeemable, at the option of the holder, on June 30, 2016 (or are payable in Class A subordinate voting shares in whole or in part at the Company’s option at any time prior thereto, or in cash in whole or in part at any time). The Proposed Exchange Amendment will extend the date at which holders will be entitled to redeem their investment for a three-year period to June 30, 2019, in order to provide Dundee with additional financial flexibility for future business development opportunities. If approved, the Proposed Exchange Amendment will allow Dundee to repurpose certain capital that would have otherwise been required for redemption of the Series 4 Preferred Shares towards strategic growth initiatives. The Company anticipates that the Proposed Exchange Amendment will also provide Dundee with a more attractive cost of common equity capital.

The current environment has been difficult on the Company’s resource investments and, at this time, the Company would prefer not to use its available liquidity or issue Class A subordinate voting shares at current prices.

**Q. How do the rights, privileges, restrictions and conditions of the Series 5 Preferred Shares differ from those of the Series 4 Preferred Shares?**

There are no changes to the rights, privileges, restrictions and conditions of the Series 5 Preferred Shares from those of the Series 4 Preferred Shares, except that:

- The cumulative dividend rate will increase by 2.5% to 7.5% on the Series 5 Preferred Shares, compared with the 5% cumulative dividend rate on the Series 4 Preferred Shares;
- The date upon which Series 5 Preferred Shares can be tendered to the Company for redemption will be extended by three years to June 30, 2019. The Company continues to have the option to convert the Series 5 Preferred Shares into Class A subordinate voting shares of the Company at any time prior to June 30, 2019, at a pre-determined formula as outlined in the revised management information circular;
- The Series 5 Preferred Shares will be subject to certain additional redemption options at the option of the holder, including:
  - A redemption of up to 15% of the then outstanding Series 5 Preferred Shares of each holder of Series 5 Preferred Shares, at par on June 30, 2016; and
  - A redemption of up to 17% of the then outstanding Series 5 Preferred Shares of each holder of Series 5 Preferred Shares, at par on January 31, 2018;
- Any Series 5 Preferred Share that is redeemed at the option of the Company prior to June 30, 2019 will be subject to a redemption premium. As such, the Company may redeem the Series 5 Preferred Shares, at its option for:
  - \$25.75 per share if redeemed prior to June 30, 2017;
  - \$25.50 per share if redeemed on or after June 30, 2017 and prior to June 30, 2018;
  - \$25.25 per share if redeemed on or after June 30, 2018 and prior to June 30, 2019;
  - \$25.00 per share if redeemed on or after June 30, 2019; and
  - In all cases, plus any accrued but yet unpaid dividends.

**Q. What are the benefits of the exchange for holders of the Series 4 Preferred Shares?**

Holders of the Series 4 Preferred Shares will benefit from:

- An increased dividend rate of 7.5% per annum, which is greater than the current dividend rate of 5.0% per annum, and an attractive long term yield in the current low-interest environment;
- Each Series 4 Preferred Share has a par value of \$17.84. Each Series 4 Preferred Share will be exchanged for 0.7136 of a Series 5 Preferred Share, which will adjust the par value to \$25.00 per Series 5 Preferred Share, which is more consistent with market practices for preferred shares, providing greater transparency;

- The Series 5 Preferred Shares will be subject to certain additional redemption options at the option of the holder, including:
  - A redemption of up to 15% of the then outstanding Series 5 Preferred Shares of each holder of Series 5 Preferred Shares, at par on June 30, 2016; and
  - A redemption of up to 17% of the then outstanding Series 5 Preferred Shares of each holder of Series 5 Preferred Shares, at par on January 31, 2018; and
- There is an increased likelihood of redemption proceeds being paid in cash.

**Q. How does the Proposed Exchange Amendment, if approved, benefit Dundee Corporation and its other shareholders?**

The Proposed Exchange Amendment will provide Dundee with several benefits such as:

- By extending the retraction date of the Series 4 Preferred Shares through the issuance of the Series 5 Preferred Shares from June 30, 2016 to June 30, 2019, the Company can repurpose certain capital that would have been needed should the holders of the Series 4 Preferred Shares have required the Company to redeem the Series 4 Preferred Shares on or after June 30, 2016;
- The Company will maintain financial flexibility for future opportunistic business developments;
- The Series 5 Preferred Shares will continue to be serviceable at an attractive cost of capital; and
- There will be reduced likelihood of common equity dilution.

**Q. Why is the Intermediary Investment Advisor receiving a consent payment?**

If the Proposed Exchange Amendment is completed, Dundee will make a consent payment to the brokers, investment dealers, banks, trust companies or other intermediaries of the holders of the Series 4 Preferred Shares, subject to certain conditions as outlined in the amended management information circular, including:

- A consent payment of \$0.1784 per Series 4 Preferred Share (being 1% of the par value of the Series 4 Preferred Share) for each Series 4 Preferred Share that is voted FOR the arrangement resolution supporting the Proposed Exchange Amendment on or prior to January 21, 2016, provided such vote is valid and is not subsequently withdrawn; and
- A consent payment of \$0.0892 per Series 4 Preferred Share (being 0.5% of the par value of the Series 4 Preferred Share) for each Series 4 Preferred Share that is voted FOR the arrangement resolution supporting the Proposed Exchange Amendment after January 21, 2016 but on or prior to the proxy cut off time of 9:00 a.m. (Toronto time) on January 26, 2016, provided such vote is valid and is not subsequently withdrawn.

The payment of the consent fee to Intermediaries is consistent with market practice. For any brokered transaction, a fee is typically paid to the Intermediary in order to facilitate the transaction. This is true of new issue equity, new issue bonds, and other security holder consent plans. Further, for new issue equity offerings, the fee paid to the Intermediaries would be substantially more. In order to make the Proposed Exchange Amendment as seamless as possible, Dundee thought it best to be consistent with market practice.

**Q. What are the implications of a holder of Series 4 Preferred Shares voting AGAINST the arrangement resolution supporting the Proposed Exchange Amendment?**

If the Proposed Exchange Amendment is approved and completed, holders of Series 4 Preferred Shares who vote AGAINST the arrangement resolution supporting the Proposed Exchange Amendment will receive Series 5 Preferred Shares and the associated Warrants in accordance with the terms of the Proposed Exchange Amendment, and will be entitled to all of the associated benefits, unless such holders exercised their dissent rights, in which case they will be entitled to rights as a dissenting shareholder.

If the arrangement resolution supporting the Proposed Exchange Amendment is not approved and not completed, all shareholders are unaffected.

**Q. Should the Series 4 Preferred Shareholders approve the Proposed Exchange Amendment, what other approvals are required?**

Once approved by not less than two-thirds (66 2/3%) of the votes cast by the holders of Series 4 Preferred Shares at the special meeting, completion of the Proposed Exchange Amendment is then conditional on, among other things, the approval of the Toronto Stock Exchange and the Court, dissenting rights not being exercised by more than 10% of the issued and outstanding Series 4 Preferred Shares, and any required lender approvals and other conditions which are disclosed in more detail in the revised management information circular. Some of these conditions may be waived by Dundee.

**Q. Should the Proposed Exchange Amendment not be approved, does the Company intend to convert the Series 4 Preferred Shares to Class A subordinate voting shares, or does it intend to pay cash for the Series 4 Preferred Shares tendered for redemption?**

In the event that the Proposed Exchange Amendment is not approved, the Company may avail itself of other options, including among other things, further reassessing the terms of the extension of the redemption date, acquiring the Series 4 Preferred Shares in the market for subsequent cancellation, redeeming the Series 4 Preferred Shares for

cash in whole or in part, allowing holders to tender their Series 4 Preferred Shares for cash under the current terms of the Series 4 Preferred Shares, or exercising the Company's right to settle the terms of the Series 4 Preferred Shares by converting the Series 4 Preferred Shares in whole or in part to Class A subordinate voting shares.

**Q. What happens to holders of Series 4 Preferred Shares who exercise their dissent rights?**

A registered shareholder who exercises his or her right to dissent may be entitled, in the event the Proposed Exchange Amendment becomes effective, to be paid the fair value of the Series 4 Preferred Shares held. The fair value shall be determined as of the close of business on the day before the arrangement resolution supporting the Proposed Exchange Amendment is adopted. The fair value of the Series 4 Preferred Shares could be determined to be less than the value of the Series 5 Preferred Shares that would have been received by the dissenting shareholder had they not exercised their right to dissent.

A shareholder who wishes to exercise their dissent rights should seek the appropriate professional investment advice prior to making a decision. Only registered shareholders can dissent.

**Q. Is the Proposed Exchange Amendment in the best interests of the Company and its shareholders?**

The Board of Directors of the Company has determined that the Proposed Exchange Amendment is in Dundee's best interests, as well as being fair to the holders of the Series 4 Preferred Shares and the holders of all other classes and series of shares of the Company. It has unanimously recommended that the holders of Series 4 Preferred Shares vote FOR the arrangement resolution supporting the Proposed Exchange Amendment. The Board of Directors' determination is based on various factors, including a fairness opinion of GMP Securities.

**Q. What are the tax implications of the Proposed Exchange Amendment?**

Holders of Series 4 Preferred Shares are encouraged to consult their own tax advisors in respects of the tax implications of the Proposed Exchange Amendment, as the tax implications will vary depending on an individual's personal tax situation. Further information about the tax implications of the Proposed Exchange Amendment may be found in the revised management information circular under "Certain Canadian Federal Income Tax Considerations".

Subject to the restrictions as outlined in the revised management information circular, Canadian residents that hold the Series 4 Preferred Shares as capital property will be deemed to have disposed of the Series 4 Preferred Shares for proceeds of disposition that are equal to the cost to the holder of the Series 5 Preferred Shares plus the market value of the Warrants. As the adjusted cost base of the Series 4 Preferred Shares is essentially being transferred to the adjusted cost base of the Series 5 Preferred Shares and the Warrants as explained above, a holder of Series 4 Preferred Shares will not realize a capital gain or loss as a result of the completion of the Proposed Exchange Amendment.

For greater clarity, the cost to a holder of Series 5 Preferred Shares acquired as part of the Proposed Exchange Amendment will be equal to the amount, if any, by which the adjusted cost base of the holder's Series 4 Preferred Shares immediately before completion of the Proposed Exchange Amendment exceeds the market value of the Warrants received on the transaction. The Company intends to notify the holders of Warrants of the fair market value of the Warrants by a news release.

Holders of the Series 4 Preferred Shares who are not Canadian residents, or who do not hold the Series 4 Preferred Shares as capital property, should consult their own tax advisors.

**Q. How do I get more information?**

The revised management information circular in respect of the Proposed Exchange Amendment is available on Dundee Corporation's website ([www.dundeecorp.com](http://www.dundeecorp.com)) and through SEDAR.

Shareholders requiring additional information can contact the Company's proxy solicitation agent, Shorecrest Group Ltd., by telephone at 1-888-637-5789 (toll free in North America) or 1-647-931-7454 (collect outside North America) or by email at [contact@shorecrestgroup.com](mailto:contact@shorecrestgroup.com).