DUNDEE

DUNDEE CORPORATION

2012 THIRD QUARTER REPORT

DUNDEE CORPORATION
Management's Discussion and Analysis

Dundee Corporation (the "Corporation" or "Dundee Corporation") is an independent publicly traded Canadian asset management company. The Corporation is listed on the Toronto Stock Exchange ("TSX") under the symbol "DC.A".

Asset management activities are focused in the areas of the Corporation's core competencies and include real estate and infrastructure, energy and resources and, more recently, the agricultural sector. These activities are carried out by the Corporation's subsidiary, Goodman Investment Counsel Inc. ("GIC") (formerly Ned Goodman Investment Counsel Limited), a registered portfolio manager and exempt market dealer across Canada and an investment fund manager in the provinces of Ontario, Quebec and Newfoundland; and by Dundee Real Estate Asset Management ("DREAM"), the asset management division of Dundee Realty Corporation ("Dundee Realty"), the Corporation's real estate operating subsidiary. The asset management activities of GIC and DREAM are supported by the Corporation's ownership in Dundee Capital Markets Inc. ("Dundee Capital Markets"), which is also the asset manager of Dundee Corporation's flow-through limited partnership business carried out through the "CMP", "CDR" and "Canada Dominion Resources" brands.

Dundee Corporation also owns and manages direct investments in these core focus areas, through ownership of both publicly listed and private companies. Real estate operations are carried out through Dundee Realty, an owner, developer and manager of residential, commercial and recreational properties in North America and Europe. Real estate operations are complemented by the Corporation's 21% interest in Dundee International Real Estate Investment Trust ("Dundee International REIT"), a Canadian real estate development trust investing in commercial property exclusively outside of Canada, as well as a 6% interest in Dundee Real Estate Investment Trust ("Dundee REIT"), a Canadian real estate investment trust.

Energy and resource operations include the Corporation's ownership in Dundee Energy Limited ("Dundee Energy"), an oil and natural gas company with a mandate to create long-term value through the development of high impact energy projects. The Corporation also holds several other investments in the resource sector, several of which are accounted for using the equity method of accounting.

Agricultural activities are carried out through a newly formed entity, Dundee Agricultural Corporation ("Dundee Agricultural"). At September 30, 2012, Dundee Agricultural held a 76% interest in Blue Goose Capital Corporation ("Blue Goose"), a privately owned Canadian company with a leading position in the organic and natural beef production market. Blue Goose currently operates in both British Columbia and Ontario.

This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of November 12, 2012 and provides an update on matters discussed in, and should be read in conjunction with the Corporation's audited consolidated financial statements as at and for the year ended December 31, 2011 (the "2011 Audited Consolidated Financial Statements") and the unaudited condensed interim consolidated financial statements as at and for the three and nine months ended September 30, 2012 (the "September 2012 Interim Consolidated Financial Statements"), prepared using International Financial Reporting Standards ("IFRS"). All amounts are in Canadian dollars unless otherwise specified. Tabular dollar amounts, unless otherwise specified, are in thousands of dollars, except for per share amounts.

BASIS OF PRESENTATION

The ownership structure of the Corporation's various investments is diverse, which results in differences in the method of accounting for such investments.

- **Subsidiaries** include those direct investments over which the Corporation has the power to govern the financial and operating policies of the investment, generally through ownership of 50% or more of voting control. Subsidiaries are not recorded as individual investments in the Corporation's consolidated financial statements. Instead, subsidiaries are consolidated, with 100% of the subsidiaries' accounts recorded on a line-by-line basis within the Corporation's consolidated statements of financial position and consolidated statements of operations. The share of assets, liabilities, net earnings or loss and other comprehensive income or loss ("OCI") not attributable to the Corporation are reported in the Corporation's consolidated financial statements as *"Non-controlling interest"*.

- **Equity accounted investments and real estate joint venture investments** include those investment structures over which the Corporation may exert significant influence, but not control, or over which it has joint control over their financial and operating policy decisions. The carrying values of equity accounted investments are initially recorded at cost and are subsequently adjusted by the Corporation's share of net earnings or loss, less any dividends or distributions received, and the Corporation's share of OCI generated by the investment company. The carrying value of an equity accounted investment is also adjusted to reflect any dilution in the Corporation's ownership interest. The share of net earnings and OCI from equity accounted investments, as well as any gain or loss resulting from a dilution in ownership interest, are reported in the Corporation's consolidated statements of operations as *"Share of earnings or OCI from equity accounted investments"*. Dividends or distributions received from equity accounted investments are not reported as revenues. Rather, any amounts received are reported in the Corporation's financial statements as a reduction in the carrying value of the equity accounted investment.

- **Brokerage securities owned and securities sold short** are those direct investments that are held for trading in the short term, generally through the capital markets segment. These investments are carried on the Corporation's consolidated statements of financial position at their fair values, with changes in their fair values included in the Corporation's revenue.

- **Investments** include all other direct investments held by the Corporation. These investments may include equity or debt securities in investee companies. Equity securities have been designated as available-for-sale securities ("AFS Securities") and are carried on the Corporation's consolidated statements of financial position at their fair values. However, unlike brokerage securities owned and securities sold short, changes in the fair values of equity securities designated as AFS Securities are temporarily included in OCI until the direct investment is sold or becomes impaired, at which point cumulative amounts previously included in OCI are transferred to net earnings.

The following table summarizes the Corporation's significant direct investments and provides information in respect of the Corporation's percentage ownership interest in the investment company, the accounting treatment used to account for each direct investment, the carrying value of the direct investment (other than for consolidated subsidiaries) and the market values for direct investments that are publicly listed securities, determined using quoted trading prices as at September 30, 2012.

Investment Holding	Accounting Treatment	($000's) Carrying Value	($000's) Market Value	30-Sept-12 Percentage Controlled	31-Dec-11 Percentage Controlled
Real Estate Segment					
Dundee Realty Corporation	Consolidation	n/a	Private	70%	70%
Dundee Real Estate Investment Trust	Equity	205,347	226,421	6%	8%
Dundee International Real Estate Investment Trust	Equity	103,271	140,288	21%	29%
Resource Segment					
Dundee Energy Limited	Consolidation	n/a	36,357	57%	57%
Eurogas International Inc.	Consolidation	n/a	166	53%	53%
Nichromet Extraction Inc.	Consolidation	n/a	Private	74%	70%
Dundee Precious Metals Inc.	Equity	129,287	260,295	23%	23%
Capital Markets Segment					
Dundee Capital Markets Inc.	Consolidation	n/a	Private	100%[1]	49%
Agriculture Segment					
Blue Goose Capital Corporation	Consolidation	n/a	Private	76%	81%

1. On February 1, 2012, the Corporation completed the acquisition of Dundee Capital Markets from non-controlling shareholders, increasing its ownership in Dundee Capital Markets to 100%.

Performance Measures

(In alphabetical order)

The Corporation believes that important measures of operating performance, including the operating performance of its subsidiaries, include certain performance measures that are not defined under IFRS and as such, may not be comparable to similar performance measures used by other companies. Throughout this MD&A, there will be references to certain performance measures which management believes are relevant in assessing the economics of its business. While these performance measures are not formally recognized by IFRS, the Corporation believes that they are informative and provide further insight as supplementary measures to net earnings and cash flows.

- **"AUA" or "Assets under Administration"** represent the approximate period-end market value of client assets administered by Dundee Capital Markets' brokerage subsidiary and in respect of which the subsidiary earns commission revenue and other similar fees from clients. AUA are not included in the Corporation's consolidated statements of financial position.

- **"AUM" or "Assets under Management"** represent the period-end market value of client assets managed by the Corporation's capital markets and asset management subsidiaries on a discretionary basis and in respect of which these subsidiaries earn management fee revenue and, in certain cases, performance fee revenue. AUM are not included in the Corporation's consolidated statements of financial position.

- **"Barrel of Oil Equivalent"** or "boe" is calculated at a barrel of oil conversion ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of oil (6 Mcf to 1 bbl), based on an energy equivalency conversion method which is primarily applicable at the burner tip and does not always represent a value equivalency at the wellhead.

- **"Contribution Margin" or "Margin"** is an important measure of earnings in each business segment and generally represents core revenues less cost of sales, and excludes related general and administrative expenses, depreciation and depletion, interest expense, and income taxes.

- **"Fair Value"** is determined using quoted market prices, if available. Where quoted market values are not available, the Corporation generally uses cost as a proxy for fair value.

- **"Field Level Cash Flows"** is calculated as revenue from oil and natural gas sales, less royalties and cost of sales. Field level cash flows contribute to the funding of the Corporation's working capital, including debt management, as well as to the funding of capital expenditure requirements for these resource-based business activities.

- **"Field Netbacks"** refer to field level cash flows expressed on a measurement unit or barrel of oil equivalent basis.

- **"Per Day Amount" or ("/d")** is used throughout this MD&A to reflect oil and gas production volumes on an average per day basis.

- **"Probable Reserves"** are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining reserves quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

- **"Proved Reserves"** are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining reserves quantities recovered will exceed the estimated proved reserves.

- **"Reserve Life Index"** is determined by dividing proved reserves by expected annual production. For greater certainty, the reserve life index includes only proved reserves and does not include probable or possible reserves.

OPERATING SEGMENTS

Real Estate

The Corporation's real estate segment includes the operating activities of Dundee Realty, one of Canada's leading, privately owned real estate companies. The scope of Dundee Realty's business includes residential land development, housing and condominium development, and residential and commercial property ownership across Canada and in the United States. The Corporation also invests directly in public real-estate based companies, including its 21% interest in Dundee International REIT, its 6% interest in Dundee REIT, and its 22% interest in 360 VOX Corporation. Additional information regarding these direct investments may be accessed at *www.dundeeinternational.com,* *www.dundeereit.com* and *www.360vox.com,* respectively.

Resource

Operating activities in the resource segment are carried out through Dundee Energy (*www.dundee-energy.com*), a company involved in oil and gas production in Ontario and the development of a natural gas storage facility in Spain, and through Eurogas International Inc. ("EII") (*www.eurogasinternational.com*), a company which carries out oil and gas exploration and evaluation activities in Tunisia. The Corporation also holds a direct investment in Nichromet Extraction Inc. ("Nichromet"), *(www.nichromet.com)*, an exploration and development stage company. Nichromet has developed proprietary metallurgical processes for the extraction of base metals and precious metals, which are in the testing phase. The Corporation's 23% interest in Dundee Precious Metals Inc. ("Dundee Precious") (*www.dundeeprecious.com*), which is accounted for on an equity basis, is also included in the resource segment.

Agriculture

The agriculture segment consists of the business activities of Dundee Agricultural, a wholly owned subsidiary of the Corporation. Operating activities in the agriculture segment are carried out by the Corporation's interest in Blue Goose, a company involved in organic and natural beef production, and which operates in excess of a million acres of deeded and leased land in British Columbia and Ontario, Canada.

Asset Management

The asset management segment includes the activities undertaken by GIC and DREAM. At September 30, 2012, GIC and DREAM provided sub-advisory and investment services to approximately $11.5 billion of AUM. GIC also provides investment services in respect of the Corporation's direct investments, which include both publicly traded and private companies in a variety of industry sectors, as well as liquid securities such as mutual funds. The asset management segment also includes general corporate overhead costs, as well as interest and debt servicing costs, to the extent that such costs have not been specifically allocated to any other operating segment.

Capital Markets

Dundee Capital Markets' core activities consist of investment banking, institutional equity sales and trading and equity research. Dundee Capital Markets has aligned its principal focus into specific sector coverage including resources, real estate and infrastructure, complementing the core focus areas of the Corporation's asset management activities. Dundee Capital Markets is also the manager of certain flow-through resource limited partnership investment management products carried out through the "CMP", "CDR" and "Canada Dominion Resources" brands.

DEVELOPMENTS IN THE FIRST NINE MONTHS OF 2012

- **Initial public offering of Dundee Industrial Real Estate Investment Trust**
- **Assets under management and administration increased 25% to $15.4 billion**
- **Contribution margins in land and housing operations increased over 50%**
- **The Corporation's investment portfolio of AFS Securities appreciated by $25.2 million in the third quarter, and $16.2 million since December 30, 2011. Market appreciation is generally included in OCI.**
- **Continued expansion into the agricultural sector**
- **Completed the purchase of non-controlling interest in Dundee Capital Markets, giving the Corporation 100% ownership**

Initial Public Offering of Dundee Industrial Real Estate Investment Trust ("Dundee Industrial REIT")

Dundee Industrial REIT was established in the third quarter of 2012 as an open-ended real estate investment trust focused on acquiring and owning industrial properties. On September 26, 2012, Dundee Industrial REIT announced the filing of a final prospectus for an initial public offering of units pursuant to which in October 2012, it issued 17,825,000 units, including units issued on the exercise of an over-allotment option granted to the underwriters, for gross proceeds of $178.3 million. Concurrent with the closing of the initial public offering, Dundee Industrial REIT issued 2,500,000 units at $10.00 per unit for cash proceeds of $25.0 million pursuant to private placements. The Corporation invested $17.5 million and acquired 1,750,000 units of Dundee Industrial REIT pursuant to these arrangements.

Subsequent to September 30, 2012, subsidiaries of Dundee REIT transferred their interest in 77 industrial properties to a subsidiary of Dundee Industrial REIT in consideration for the assumption of certain debt, the issuance of 16,034,631 units of Dundee Industrial REIT valued at approximately $160.3 million, and cash consideration of $136.3 million.

These transactions resulted in the Corporation owning, directly and indirectly through the Corporation's investment in Dundee REIT, an approximate 8% interest in Dundee Industrial REIT. The Corporation anticipates accounting for its investment in Dundee Industrial REIT using the equity method as it is able to exert significant influence over the operations and financial results of Dundee Industrial REIT through services arrangements and through senior management representation.

Growth in AUA and AUM

The Corporation continues to grow its asset management base, with AUA and AUM increasing to $15.4 billion at September 30, 2012, an increase of 25% over AUA and AUM of $12.3 billion at December 31, 2011. A significant part of this growth occurred in the real estate asset management division, which benefited from a number of successful new acquisitions of quality assets, including the acquisition in June 2012 of a 67% interest in the Scotia Plaza complex, a premier office complex located in downtown Toronto.

Real Estate Activities

Operating results from Dundee Realty's land and housing business were strong, with revenues increasing 49% and with a similar increase in contribution margins of over 50% relative to the same period of the prior year. The increase reflects a higher volume of lot and parcel land sales, primarily in western Canada.

Global Economic Effect to Portfolio of AFS Securities

Equity markets advanced during the third quarter of 2012, sustained in part by stimulus provided by central banks, most notably in the United States and in the European Union. This is reflected in the market value of the Corporation's portfolio of AFS Securities which appreciated in value by approximately $25.2 million since June 30, 2012, and $16.2 million on a year-to-date basis.

Expansion of the Agriculture Portfolio

The Corporation continues to investigate numerous opportunities to expand its agriculture portfolio. The focus of this effort is to spot good potential, in advance of the general market. In agriculture, this means developing a thorough understanding of how marketplace trends are likely to affect industry players; ferreting out new "game changing" agricultural processes and technologies, as well as high growth niche markets; and investing in companies that have a sustainable competitive advantage.

Subsequent to September 30, 2012, the Corporation invested a further $25.0 million in Blue Goose, increasing its ownership interest to 84%. Proceeds from the Corporation's investment were used by Blue Goose for further expansion of the organic beef business, as well as debt retirement.

Acquisition of Dundee Capital Markets Inc.

On February 1, 2012, the Corporation successfully completed the acquisition of all outstanding common shares of Dundee Capital Markets that it did not already own for cash of $1.125 per share, by way of a court approved plan of arrangement under the *Ontario Business Corporations Act*. Total cash paid for completion of the transaction was $88.0 million.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF DUNDEE CORPORATION

	Three Months		Nine Months	
For the three and nine months ended September 30,	2012	2011	2012	2011
Net earnings (loss) before income taxes from:				
Real estate segment	$ 34,644	$ 25,201	$ 84,381	$ 49,850
Resource segment	(8,024)	103,142	(5,361)	118,373
Agriculture segment	114	-	(956)	-
Asset management segment	(22,994)	(4,862)	(19,558)	5,691
Capital markets segment	(2,389)	(1,544)	(4,517)	8,055
	1,351	121,937	53,989	181,969
Income taxes	(3,572)	(29,977)	(29,147)	(47,998)
Discontinued operations:				
Loss, net of taxes	-	-	-	(20,000)
Gain on sale of discontinued operations, net of taxes	-	-	-	870,828
Net earnings (loss) for the period	**$ (2,221)**	**$ 91,960**	**$ 24,842**	**$ 984,799**
Net earnings (loss) attributable to:				
Owners of the parent				
Continuing operations	$ (8,060)	$ 88,636	$ 7,606	$ 123,806
Discontinued operations	-	-	-	861,158
Non-controlling interest	5,839	3,324	17,236	(165)
	$ (2,221)	**$ 91,960**	**$ 24,842**	**$ 984,799**

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated Net Earnings

During the nine months ended September 30, 2012, the Corporation generated net earnings from continuing operations attributable to owners of the Corporation of $7.6 million or $0.02 per share on a fully diluted basis. During the same period of the prior year, net earnings from continuing operations were $123.8 million or $1.69 per share on a fully diluted basis. Net earnings from continuing operations in the nine-month period of the prior year include a pre-tax gain of $95.6 million from the Corporation's divestment of its ownership in Breakwater Resources Ltd. ("Breakwater").

Net pre-tax earnings from real estate operations during the nine months ended September 30, 2012, increased by almost 70%. The increase was partially offset by losses in the asset management segment, which include realized losses from sales of investments of $44.8 million on a year-to-date basis, compared with realized losses of $8.7 million in the nine months ended September 30, 2011.

Net earnings in the nine months of the prior year also included $861.2 million from discontinued operations, including a gain of $870.8 million relating to the Corporation's divestment of its 48% interest in DundeeWealth Inc. ("DundeeWealth") which was completed on February 1, 2011 and which is further described in Note 6 to the 2011 Audited Consolidated Financial Statements.

A more detailed analysis of net earnings on a segmented basis, and a discussion of the key variables affecting net earnings, is provided under the section entitled *"Segmented Results of Operations"*.

Equity Accounted Investments including Real Estate Joint Venture Investments

		Three Months ended 30-Sept-12		Nine Months ended 30-Sept-12
Carrying value of equity accounted investments, beginning of period	$	510,927	$	477,093
Transactions during the period				
Cash invested in equity accounted investments		3,660		37,052
Distributions received, net of reinvestments		(5,464)		(16,030)
Share of earnings from equity accounted investments		3,304		25,671
Share of other comprehensive loss from equity accounted investments		(1,691)		(11,553)
Disposition		(869)		(2,310)
Other		(235)		(291)
Carrying value of equity accounted investments, end of period	**$**	**509,632**	**$**	**509,632**

A detailed discussion of the operating results of significant equity accounted investments is presented under *"Segmented Results of Operations"*.

			September 30, 2012					December 31, 2011				
Trade Symbol	Ref	Investment	Ownership		Carrying Value		Fair Value	Ownership		Carrying Value		Fair Value
D.UN		Dundee Real Estate Investment Trust	6%	$	205,347	$	226,421	8%	$	174,577	$	172,519
DPM		Dundee Precious Metals Inc.	23%		129,287		260,295	23%		125,041		250,554
DI.UN	1	Dundee International Real Estate Investment Trust	21%		103,271		140,288	29%		103,983		126,848
RYG		Ryan Gold Corp.	12%		4,595		4,595	12%		13,830		9,191
VOX		360 VOX Corporation	22%		5,398		5,043	23%		6,053		5,283
CRG		Corona Gold Corporation	23%		4,808		3,231	26%		5,123		2,834
ODX		Odyssey Resources Limited	31%		444		1,250	31%		569		1,819
n/a	2	Escal UGS S.L.	33%		-		-	33%		-		-
n/a	3	Real Estate Joint Venture	n/a		56,482		56,482	n/a		47,917		47,917
				$	**509,632**	**$**	**697,605**		**$**	**477,093**	**$**	**616,965**

1. Part of the Corporation's 21% interest in Dundee International REIT is held through Dundee Realty, the Corporation's 70% owned subsidiary, giving Dundee Corporation an effective 20% interest in Dundee International REIT.
2. The Corporation's 33% interest in Escal UGS S.L. ("Escal") is held through Dundee Energy's 74% owned subsidiary, Castor UGS Limited Partnership, giving Dundee Energy an effective 25% interest in Escal. As Escal is not publicly traded, the Corporation has not attributed any market appreciation or depreciation from the cost of its investment.
3. As there are no publicly traded market values for the Corporation's real estate joint ventures, in determining market value, the Corporation has not included any market appreciation or depreciation on these investments from its current cost.

During the nine months ended September 30, 2012, the Corporation invested $37.1 million in its portfolio of equity accounted investments, including $26.9 million invested pursuant to public offerings completed by Dundee REIT (see *"Real Estate Segment – Equity Accounted Investments in the Real Estate Sector"*), and $10.2 million invested in real estate joint ventures. At September 30, 2012, the market value of equity accounted investments was $697.6 million (December 31, 2011 – $617.0 million).

In the nine months ended September 30, 2012, the Corporation's share of earnings from these investments was $25.7 million (nine months ended September 30, 2011 – $44.8 million) and its share of other comprehensive loss was $11.6 million (nine months ended September 30, 2011 – $13.1 million). A detailed discussion of the operating results of significant equity accounted investments is presented under "*Segmented Results of Operations*".

Other Direct Investments

At September 30, 2012, the fair value of the Corporation's investment portfolio, excluding its investments in equity accounted entities, was $1.2 billion, including $0.5 billion related to the Corporation's investment in The Bank of Nova Scotia ("Scotiabank"). During the third quarter of 2012, global equity market conditions were somewhat calmed with economic news and economic stimulus by the United States and European central banks. Propelled by strong commodity prices, the Canadian market was particularly strong during this period. This is reflected in the fair value of the Corporation's portfolio, which benefited from market appreciation of $25.2 million in the third quarter, and $16.2 million on a year-to-date basis.

		Three Months ended 30-Sept-12		Nine Months ended 30-Sept-12
Fair value of investments, beginning of period	$	1,354,252	$	1,484,969
Transactions during the period				
New investments		122,355		269,706
Proceeds from sales of investments		(296,426)		(564,321)
Changes in fair values		25,197		16,164
Other transactions		(167)		(1,307)
Fair value of investments, end of period	**$**	**1,205,211**	**$**	**1,205,211**
Represented by:				
Publicly traded securities			$	786,608
Private investments				229,493
Mutual funds and other short term investments				6,506
Debt securities (at amortized cost)				182,604
			$	**1,205,211**

Consistent with its investment approach in the first half of this year, new investments made by the Corporation continue to be primarily in the resource, agriculture and energy sectors. The Corporation is also realigning a portion of its available capital into high yield income products that are supported by investments in its core focus areas. During the third quarter of 2012, the Corporation invested a total of $122.4 million in its investment portfolio. New investments were funded using proceeds on dispositions of other investments, which totalled $296.4 million in the third quarter of 2012.

STATEMENTS OF SEGMENTED RESULTS OF OPERATIONS

(in thousands of dollars) **2012**

For the nine months ended September 30, 2012	Real Estate	Resource	Agriculture	Asset Management	Capital Markets	Intersegment	TOTAL
REVENUES							
Management fees	$ -	$ -	$ -	$ 39,378	$ 9,518	$ (4,372)	$ 44,524
Financial services	-	-	-	529	72,132	(2,092)	70,569
Real estate	290,906	-	-	-	-	-	290,906
Oil and gas, net of royalties	-	22,976	-	-	-	-	22,976
Agriculture	-	-	5,488	-	-	-	5,488
Interest and dividends	-	133	1,233	36,738	5,541	(2,056)	41,589
	290,906	23,109	6,721	76,645	87,191	(8,520)	476,052
COST OF SALES							
Variable compensation	-	-	-	-	(41,145)	-	(41,145)
Real estate expenses	(221,866)	-	-	-	-	3,240	(218,626)
Oil and gas expenses	-	(10,056)	-	-	-	-	(10,056)
Agriculture expenses	-	-	(3,867)	-	-	-	(3,867)
	(221,866)	(10,056)	(3,867)	-	(41,145)	3,240	(273,694)
Depreciation and depletion	(1,847)	(11,225)	(532)	(1,965)	(1,002)	-	(16,571)
General and administrative	(4,408)	(8,488)	(4,771)	(33,040)	(49,352)	1,132	(98,927)
Realized loss from investments	-	-	-	(44,812)	-	-	(44,812)
Share of earnings from equity accounted investments	23,051	2,620	-	-	-	-	25,671
Loss on sale of equity accounted investments	(266)	-	-	-	-	-	(266)
Fair value changes in investment properties	6,227	-	-	-	-	-	6,227
Fair value changes in livestock	-	-	1,668	-	-	-	1,668
Gain on derivative financial instruments	-	2,413	-	120	-	-	2,533
Interest expense	(7,416)	(3,542)	(165)	(14,453)	(212)	4,148	(21,640)
Foreign exchange (loss) gain	-	(192)	(10)	(2,053)	3	-	(2,252)
NET EARNINGS (LOSS) BEFORE NON-SEGMENTED ITEMS	84,381	(5,361)	(956)	(19,558)	(4,517)	-	53,989
Income taxes							(29,147)
NET EARNINGS (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	84,381	(5,361)	(956)	(19,558)	(4,517)	-	24,842
DISCONTINUED OPERATIONS							-
	$ 84,381	$ (5,361)	$ (956)	$ (19,558)	$ (4,517)	$ -	**$ 24,842**
NET EARNINGS (LOSS) ATTRIBUTABLE TO:							
Owners of the parent	$ 64,718	$ (3,020)	$ (870)	$ (19,558)	$ (4,517)	$ -	$ 7,606
Non-controlling interest	19,663	(2,341)	(86)	-	-	-	17,236
	$ 84,381	$ (5,361)	$ (956)	$ (19,558)	$ (4,517)	$ -	**$ 24,842**

(in thousands of dollars) **2011**

For the nine months ended September 30, 2011	Real Estate	Resource	Agriculture	Asset Management	Capital Markets	Intersegment	TOTAL
REVENUES							
Management fees	$ -	$ -	$ -	$ 25,751	$ 14,007	$ (4,034)	$ 35,724
Financial services	-	-	-	2,212	71,795	-	74,007
Real estate	194,917	-	-	-	-	-	194,917
Oil and gas, net of royalties	-	26,359	-	-	-	-	26,359
Agriculture	-	-	-	-	-	-	-
Interest and dividends	1	(20)	-	45,073	3,404	(1,927)	46,531
	194,918	26,339	-	73,036	89,206	(5,961)	377,538
COST OF SALES							
Variable compensation	-	-	-	-	(43,260)	-	(43,260)
Real estate expenses	(149,194)	-	-	-	-	2,516	(146,678)
Oil and gas expenses	-	(10,709)	-	-	-	-	(10,709)
Agriculture expenses	-	-	-	-	-	-	-
	(149,194)	(10,709)	-	-	(43,260)	2,516	(200,647)
Depreciation and depletion	(1,568)	(11,098)	-	(1,801)	(654)	-	(15,121)
General and administrative	(3,738)	(9,294)	-	(48,721)	(37,237)	1,518	(97,472)
Realized loss from investments	-	-	-	(8,721)	-	-	(8,721)
Share of earnings from equity accounted investments	15,864	28,896	-	-	-	-	44,760
Gain on sale of equity accounted investments	11	95,561	-	-	-	-	95,572
Fair value changes in investment properties	1,794	-	-	-	-	-	1,794
Fair value changes in livestock	-	-	-	-	-	-	-
Gain on derivative financial instruments	-	2,034	-	2,196	-	-	4,230
Interest expense	(8,237)	(3,503)	-	(9,954)	-	1,927	(19,767)
Foreign exchange (loss) gain	-	147	-	(344)	-	-	(197)
NET EARNINGS BEFORE NON-SEGMENTED ITEMS	49,850	118,373	-	5,691	8,055	-	181,969
Income taxes							(47,998)
NET EARNINGS FOR THE PERIOD FROM CONTINUING OPERATIONS	49,850	118,373	-	5,691	8,055	-	133,971
DISCONTINUED OPERATIONS							850,828
	$ 49,850	$ 118,373	$ -	$ 5,691	$ 8,055	$ -	**$ 984,799**
NET EARNINGS (LOSS) ATTRIBUTABLE TO:							
Owners of the parent	$ 40,343	$ 120,693	$ -	$ 5,691	$ 5,077	$ -	$ 984,964
Non-controlling interest	9,507	(2,320)	-	-	2,978	-	(165)
	$ 49,850	$ 118,373	$ -	$ 5,691	$ 8,055	$ -	**$ 984,799**

SEGMENTED RESULTS OF OPERATIONS

Nine months ended September 30, 2012 compared with the nine months ended September 30, 2011

REAL ESTATE SEGMENT

Dundee Realty Corporation

RESULTS OF OPERATIONS

Real estate operations generated contribution margins of $69.0 million or 23.7% on revenue of $290.9 million during the nine months ended September 30, 2012. This compares with contribution margins of $45.7 million or 23.5% on revenue of $194.9 million during the same period of the prior year.

For the nine months ended September 30,	2012				2011			
Components of Real Estate Operations*	Revenue	Costs	Margin	% Margin	Revenue	Costs	Margin	% Margin
Inventory								
Land under development	$ 147,311	$ 102,594	$ 44,717	30.4%	$ 99,966	$ 68,962	$ 31,004	31.0%
Housing	59,103	51,246	7,857	13.3%	60,737	51,363	9,374	15.4%
Condominiums	43,003	38,990	4,013	9.3%	4,975	8,468	(3,493)	(70.2%)
Investment properties	4,891	2,789	2,102	43.0%	4,422	2,297	2,125	48.1%
Income-producing properties	29,090	26,247	2,843	9.8%	21,379	18,104	3,275	15.3%
Other	7,508	-	7,508	n/a	3,438	-	3,438	n/a
	$ 290,906	$ 221,866	$ 69,040	23.7%	$ 194,917	$ 149,194	$ 45,723	23.5%

** Excludes general and administrative expenses, interest expense and depreciation*

Land Margins

Revenue from land sales during the nine months ended September 30, 2012 was $147.3 million, generating contribution margins of $44.7 million or 30.4%. This compares with revenue of $100.0 million, generating contribution margins of $31.0 million or 31.0% in the same period of the prior year. Higher sales in Regina and Calgary increased revenues by $35.7 million and $18.2 million respectively, and increased margins in those markets by $14.4 million and $4.9 million respectively. The average contribution margin rate on land dropped slightly on a period-over-period basis, reflecting a change in the mix of lot types and sizes sold during the relevant periods.

In western Canada, Dundee Realty sold 1,114 lots at an average selling price of $112,000 per lot during the nine months ended September 30, 2012 compared to 783 lots, at an average selling price of $107,000 per lot, in the same period of the prior year. Dundee Realty also sold 45 parcel acres at an average selling price of $503,000 per acre in the first three quarters of 2012 compared to 28 parcel acres sold at an average selling price of $445,000 per acre in the same period of the prior year.

Housing Margins

Revenue from sales of housing units decreased by $1.6 million to $59.1 million in the nine months ended September 30, 2012, as compared to the same period of the prior year, primarily attributable to lower sales of homes at Dundee Realty's Rutherford Contwo project in Toronto as this development is nearing completion.

Partially offsetting the declining sales in Toronto was an increase in revenue from single-family homes in Regina. During the nine months ended September 30, 2012, western Canada housing operations sold 185 units at an average selling price of $399,000 per unit, translating into a $7.9 million contribution margin. This compares with a $6.4 million contribution margin in the same period of 2011 when 157 units were sold at an average selling price of $418,000 per unit. The decline in the average selling price is due to the mix of housing products sold.

Condominium Margins

Revenue from condominium sales are dependent upon the timing of completion of development projects, and may vary significantly on a period-over-period basis. During the nine months ended September 30, 2012, revenue from sales of condominium units was $43.0 million compared with $5.0 million in the first three quarters of the prior year. The increase reflects first year sales of 182 condominium units at Dundee Realty's Corktown Phase Two project, and occupancy of 13 out of 55 units at Dundee Realty's 2 Gladstone Avenue project, both located in Toronto. Also contributing to the increase is occupancy of 56 out of 75 units at 2 Eastern Avenue, also located in Toronto.

Management is continuing with a program to fund vendor-take-back mortgages that will allow purchasers to obtain the necessary financing needed to complete a purchase of a condominium unit at Dundee Realty's Base Camp project in Colorado. During the nine months ended September 30, 2012, Dundee Realty sold four units and generated revenue of $1.1 million at the Base Camp project. This compares with the sale of 10 units in the same period of the prior year, generating revenue of $3.3 million. At September 30, 2012, there were 20 additional units available for sale.

Margins from Investment Properties

Revenue from investment properties increased marginally to $4.9 million during the nine months ended September 30, 2012 from $4.4 million in the same period of the prior year. Contribution margins from these activities were unaffected at $2.1 million in each period.

Fair Value Changes in Investment Properties

Changes in the fair value of investment properties are not included in real estate contribution margins, but are separately included in net earnings from real estate operations. During the nine months ended September 30, 2012, the fair value of investment properties increased by $6.2 million, mainly due to increased rental rates and lower capitalization rates since December 2011. Fair values were determined using the discounted cash flow method which discounts the expected future cash flows, generally over a term of 10 years, and uses discount rates and terminal capitalization rates specific to each property. The determination of fair values of investment properties is supplemented by third-party appraisals in certain circumstances.

Margins from Income-Producing Properties

Contribution margins earned from income-producing properties declined to $2.8 million during the nine months ended September 30, 2012, from $3.3 million in the same period of the prior year. Record low levels of snowfall affected ski operations in Colorado, including Dundee Realty's signature ski operations in Arapahoe Basin, reducing contribution margins from these activities by 76%. Additionally, contribution margins from Dundee Realty's investment in the King Edward Hotel fell as condominium construction adversely affected hotel suite rental income.

CHANGES IN FINANCIAL CONDITION

Real Estate Assets

As at		September 30, 2012	% Change		December 31, 2011
Inventory					
Land	$	353,078	47%	$	240,706
Housing		37,537	26%		29,692
Condominiums		103,774	(0%)		104,106
Commercial development		-	(100%)		5,564
		494,389	30%		380,068
Investment properties		46,710	17%		39,876
Income-producing properties		23,535	(5%)		24,661
	$	564,634	27%	$	444,605

Land Held for Development and Land Under Development

At September 30, 2012, Dundee Realty's portfolio of land held for development and land under development consisted of 6,548 acres and 775 development lots, extending across both Canada and the United States. The carrying value of Dundee Realty's land portfolio increased to $353.1 million at September 30, 2012, from $240.7 million at December 31, 2011. Development costs during the nine months ended September 30, 2012 were $86.6 million and were incurred primarily in western Canada. Dundee Realty estimates that it will spend a further $170.0 million on development activity in this region during the remainder of 2012. Funding will be provided from operating cash flow as well as Dundee Realty's borrowing facilities.

Balance of land inventory, December 31, 2011	$	240,706
New acquisitions completed during the period		122,640
Costs of development		86,586
Transfer to cost of goods sold		(95,411)
Cost recoveries		(1,383)
Other		(60)
Balance of land inventory, September 30, 2012	$	353,078

Land inventory consists of:	Land Held for Development			Land Under Development			
		Cost	Acres		Cost	Lots	Total Cost
Saskatoon	$	61,992	2,546	$	10,799	71	$ 72,791
Regina		13,142	1,039		22,536	274	35,678
Calgary		140,357	2,277		48,641	261	188,998
Edmonton		20,910	683		31,838	166	52,748
Toronto		-	-		1,515	3	1,515
United States		1,348	3		-	-	1,348
	$	237,749	6,548	$	115,329	775	$ 353,078

Other Real Estate Inventory

Other real estate inventory, including Dundee Realty's inventory of housing and condominium units, increased to $141.3 million at September 30, 2012, compared with $133.8 million at December 31, 2011. Dundee Realty incurred development costs during the nine months ended September 30, 2012, of $45.4 million in housing-related costs, all in western Canada and $37.4 million in condominium-related costs, all in Toronto.

			Housing			Condominiums		TOTAL
Balance of other real estate inventory, December 31, 2011		$	29,692		$	104,106	$	133,798
New acquisitions			8,207			-		8,207
Costs of development			45,389			37,400		82,789
Transfer to cost of goods sold			(45,751)			(37,230)		(82,981)
Other			-			(502)		(502)
Balance of other real estate inventory, September 30, 2012		$	37,537		$	103,774	$	141,311
Other real estate inventory consists of:	# of Units			# of Units				
Western Canada	225	$	37,526	-	$	-	$	37,526
Ontario	2		11	1,401		98,149		98,160
United States	-		-	20		5,625		5,625
	227	$	37,537	1,421	$	103,774	$	141,311

Investment Properties

Dundee Realty's investment properties are located predominantly in downtown Toronto. The carrying value of these assets increased from $39.9 million at December 31, 2011 to $46.7 million at September 30, 2012, including a fair value increase of $6.2 million relating primarily to The Distillery Historic District, reflecting increased leasing activity and a decrease in the overall capitalization rate.

Balance of investment properties, December 31, 2011	$	39,876
Initial leasing costs and incentives		613
Fair value changes		6,227
Other		(6)
Balance of investment properties, September 30, 2012	$	46,710

Income-Producing Properties

Depreciation of $1.8 million on income-producing properties decreased their carrying value by 4.6% to $23.5 million at September 30, 2012 compared with $24.7 million at December 31, 2011.

Balance of income-producing properties, December 31, 2011	$	24,661
Net additions		1,305
Depreciation		(1,828)
Other		(603)
Balance of income-producing properties, September 30, 2012	$	23,535

Income-producing properties include:

Project	Location		Carrying value
Arapahoe Basin	Colorado	$	11,203
King Edward Hotel	Toronto		7,014
Willows Golf course	Saskatoon		2,975
Other			2,343
		$	23,535

Real Estate Joint Venture Investments

		Firelight Infrastructure Fund		Bear Valley Mountain Resort		Other		Total real estate joint venture investments
Balance of equity investments, December 31, 2011	$	21,032	$	5,298	$	21,587	$	47,917
Equity income for the period		1,323		(1,491)		(443)		(611)
Net cash investments		9,111		36		1,038		10,185
Cash distribution		(688)		-		-		(688)
Other		(20)		(271)		(30)		(321)
Balance of equity investments, September 30, 2012	$	30,758	$	3,572	$	22,152	$	56,482

Included in Dundee Realty's joint venture investments is its 20% interest in Firelight Infrastructure Fund ("Firelight"). At September 30, 2012, Dundee Realty's carrying value of this investment was $30.8 million. Firelight focuses on renewable energy projects and is currently invested in RMS Energy Dalhousie Mountain LP, which completed its first project in 2010, with the successful commissioning of the RMS Dalhousie Mountain wind farm in Pictou County, Nova Scotia.

As part of its commitment to invest $150 million in solar energy projects over a three-year period, since mid 2011, Firelight has acquired 14 rooftop solar projects representing 2.4 megawatts ("MW"). Firelight also has four rooftop solar projects, representing 1.6 MW currently being installed. The acquired solar projects include power purchase agreements for renewable energy with the Ontario Power Authority to supply energy at a fixed rate of $0.635 to $0.713 per kilowatt hour for 20 years. In the third quarter of 2012, Firelight signed an agreement with a large retailer for solar panel installations on 70 of their buildings across Ontario, for a total capacity of 15 MW. With these additional acquisitions, Firelight currently holds close to 100 solar rooftop projects in its portfolio.

The most recent acquisitions provide accretive value to Firelight's existing alternative energy portfolio, which already included the Sandhurst and Rutley projects, each of which include a 10 MW solar farm located in southeastern Ontario; its 50% interest in Erie Ridge, an 8.5 MW solar farm; a joint venture agreement to acquire a 49% interest in a 31.5 MW wind power project located near Amherst, Nova Scotia and an agreement to purchase an additional five 10 MW ground mount solar projects in Ontario. Firelight also holds a 96% interest in Xeneca Limited Partnership, through which it invests in the development of water power sites in Ontario.

Real Estate Debt

Real estate debt as at September 30, 2012 was $287.1 million (December 31, 2011 – $210.5 million) including $91.0 million relating to a revolving term credit facility, with the balance divided among mortgages on investment properties, income-producing properties, land servicing loans, vendor-take-back financing of land purchases and housing construction loans. Debt is generally secured by charges on specific properties to which the debt relates. As at September 30, 2012, $85.4 million (December 31, 2011 – $43.9 million) of aggregate debt in the real estate segment was subject to a fixed, weighted average interest rate of 5.80% (December 31, 2011 – 7.46%) and matures between 2012 and 2016. A further $201.7 million (December 31, 2011 – $166.6 million) of real estate debt is subject to a weighted average variable interest rate of 3.78% (December 31, 2011 – 4.12%) and matures between 2012 and 2018.

Borrowings under Dundee Realty's revolving term credit facility are available up to a formula-based maximum not to exceed $190 million. The facility bears interest at prime plus 1.25% or at the corporate bankers' acceptance rate plus 2.50% as at September 30, 2012. The facility is secured by a general security agreement and first charges against lots and parcels, as well as certain land held for development in western Canada. At September 30, 2012, Dundee Realty had drawn $178.2 million against its revolving term credit facility, including $87.2 million in the form of letters of credit. As at September 30, 2012, the amount still available under this facility was $11.8 million.

Equity Accounted Investments in the Real Estate Sector

Share of Equity Earnings

For the nine months ended September 30,		2012		2011
Dundee Real Estate Investment Trust	$	13,779	$	14,903
Dundee International Real Estate Investment Trust		10,726		806
360 VOX Corporation		(843)		-
Real estate joint venture investments (see above)		(611)		155
	$	**23,051**	**$**	**15,864**

Dundee REIT

Dundee REIT is an unincorporated, real estate investment trust and is a leading provider of high quality, affordable business premises. It is focused on owning, acquiring, leasing and managing well-located, high quality central business district and suburban office properties in Canada. Real estate activities in Dundee REIT have grown significantly resulting in increased period-over-period revenues and contribution margins, reflecting the improved quality of its real estate portfolio. On June 15, 2012, Dundee REIT announced the completion of the acquisition of a 67% interest in the Scotia Plaza complex in downtown Toronto, one of Canada's premier real estate office buildings, for a total purchase price of approximately $1.3 billion. At September 30, 2012, Dundee REIT's portfolio consisted of approximately 27.3 million square feet of gross leaseable area across Canada, excluding properties classified as held for sale and redevelopment.

During the first quarter of 2012, Dundee REIT issued 12,580,347 units for the $434.8 million acquisition of Whiterock Real Estate Investment Trust. In addition, Dundee REIT issued a further 6,555,000 units pursuant to a public offering which generated gross proceeds of $231.7 million. During the second quarter of the current year, Dundee REIT issued an additional

10,392,550 units, generating gross proceeds of $373.1 million, which were used to partially fund the acquisition of Scotia Plaza. During the nine months ended September 30, 2012, the Corporation purchased 754,800 units of Dundee REIT at a cost of $26.9 million pursuant to these public offerings and, at September 30, 2012, the Corporation held 6,018,621 units in Dundee REIT, representing a 6% equity interest. At September 30, 2012, the market value of the Corporation's investment in Dundee REIT was $226.4 million.

During the nine months ended September 30, 2012, Dundee REIT generated net earnings of $190.5 million (nine months ended September 30, 2011 – $178.2 million). Net earnings include a fair value gain of $60.9 million (nine months ended September 30, 2011 – $70.4 million) in respect of Dundee REIT's investment properties and a fair value loss of $19.2 million (nine months ended September 30, 2011 – fair value gain of $16.0 million) in respect of investment properties that are equity accounted by Dundee REIT. Changes in fair values of investment properties may cause significant variations in net earnings.

The Corporation's share of earnings from its investment in Dundee REIT for the nine months ended September 30, 2012 was $13.8 million. This compares with net equity earnings of $14.9 million in the same period of the prior year. Dundee Corporation received distributions from Dundee REIT of $9.5 million during the nine months ended September 30, 2012 (nine months ended September 30, 2011 – $7.9 million), of which $1.8 million were reinvested in Dundee REIT as part of its dividend reinvestment program (nine months ended September 30, 2011 – $1.7 million). The Corporation continues to account for its investment in Dundee REIT on an equity basis, as it continues to exert significant influence over the operations and financial results of Dundee REIT.

Dundee International REIT

Dundee International REIT is a Canadian real estate investment trust that provides investors with the opportunity to invest in commercial real estate exclusively outside of Canada. At September 30, 2012, Dundee International REIT's portfolio consisted of 294 properties with approximately 12.9 million square feet of gross leaseable area, all located in Germany.

On September 5, 2012, Dundee International REIT issued 4,420,000 units pursuant to a bought deal financing, raising gross proceeds of $46.6 million and it issued 3,400,000 units pursuant to the settlement of debt conversion obligations. At September 30, 2012, the Corporation held 12.8 million units of Dundee International REIT, representing a 21% equity interest. At September 30, 2012, the market value of the Corporation's investment in Dundee International REIT was $140.3 million.

During the nine months ended September 30, 2012, Dundee International REIT reported net earnings of $19.6 million. Net earnings included a fair value loss of $6.5 million in respect of Dundee International REIT's investment properties. The Corporation's share of earnings from its investment in Dundee International REIT for the nine months ended September 30, 2012 was $10.7 million. During this period, the Corporation received cash distributions from Dundee International REIT of $7.7 million.

360 VOX Corporation ("360 VOX")

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

On October 29, 2012, 360 VOX announced its intent to acquire a group of real estate businesses in Canada known as Sotheby's International Realty Canada, Sotheby's International Realty Quebec, and Blueprint Global Marketing. This group of real estate businesses is involved in the listing, marketing and selling of condominiums, attached and detached homes, condominium developments and resort properties, both in the residential resale market and stand-alone projects. Pursuant to the terms of these arrangements, the sellers will receive as consideration up to $3.7 million in cash and 54.3 million common shares of 360 VOX, potentially diluting the Corporation's interest.

At September 30, 2012, Dundee Corporation held 48 million shares of 360 VOX with a market value of $5.0 million. During the nine months ended September 30, 2012, equity losses from the Corporation's investment in 360 VOX were $0.8 million.

RESOURCE SEGMENT

During the nine months ended September 30, 2012, the resource segment incurred a net loss of $5.4 million, compared with net earnings of $118.4 million in the nine months ended September 30, 2011. Net earnings in the first nine months of the prior year included a pre-tax gain of $95.6 million in respect of the Corporation's divestment of Breakwater in the third quarter of 2011.

For the nine months ended September 30,		2012		2011
Net loss from operations	$	(7,981)	$	(6,084)
Net earnings from equity accounted investments		2,620		28,896
Gain on sale of equity accounted investment		-		95,561
Net (loss) earnings from the resource segment	$	(5,361)	$	118,373

Dundee Energy Limited

Through its wholly owned subsidiary, Dundee Energy Limited Partnership ("DELP"), Dundee Energy holds a 95% working interest in 84,000 acres of onshore oil properties and a 65% working interest in 904,000 acres of offshore gas properties located in and around Lake Erie in southern Ontario. In addition to the oil and gas rights associated with these properties, DELP owns six onshore oil facilities, and holds a 65% ownership interest in an offshore fleet of drilling and completion barges and six gas plants and compressor stations that process offshore dry gas at onshore locations.

RESULTS OF OPERATIONS

Oil and Gas Revenue

During the nine months ended September 30, 2012, oil and gas sales, net of royalty interests, were $23.0 million, a decrease of $3.4 million from $26.4 million earned during the nine months ended September 30, 2011. Despite an increase in oil production volumes, net sales were adversely affected by decreases in commodity prices, including a significant decrease in the price for natural gas.

For the nine months ended September 30,			2012			2011
	Average Sales Volume/day	Revenue (net) ($000's)	Realized Prices* ($/unit)	Average Sales Volume/day	Revenue (net) ($000's)	Realized Prices* ($/unit)
Natural gas (Mcf)	10,149	7,021	2.98	10,491	11,328	4.66
Oil and liquids (bbls)	761	15,955	89.90	694	15,031	94.06
Total (boe)	2,453	22,976	40.21	2,442	26,359	46.73
Benchmark Prices						
Dawn Hub (US$/GJ)			2.83			4.57
Edmonton Par ($/bbl)			87.28			94.83
West Texas Intermediate (WTI) ($/bbl)			96.50			92.64

** Before royalty payments*

Natural gas prices as reported by NYMEX fell below the US$2.00/Mcf in April 2012, as relatively warmer winter weather diminished demand, at the same time as new discoveries and technological changes resulted in a surplus of supply. More recently, the price of natural gas has rebounded marginally to approximately US$3.08/Mcf at September 30, 2012, reflecting, in part, increased consumption of electrical energy powered by natural gas in response to unusually high summer temperatures. In reaction to these market conditions, DELP realized an average price on sales of natural gas of $2.98/Mcf, a decrease of 36% from the average price of $4.66/Mcf realized in the same period of the prior year. The decline in the market price of natural gas is partially mitigated by DELP's proximity to the Dawn Hub, a leading provider of natural gas supply to the greater Toronto market area, which provides DELP with a positive basis differential from average industry benchmarks.

During the nine months ended September 30, 2012, DELP realized an average price on sales of oil of $91.16/bbl (nine months ended September 30, 2011 – $95.52/bbl), representing a 4% premium (nine months ended September 30, 2011 – 1%) to the Edmonton Par average price during the same period.

During the first half of 2012, slowing global economic growth and uncertainties in the European Union's ability to contend with its financial challenges, exerted downward pressure on the price for crude oil. Global oil prices tightened somewhat in the third quarter of 2012, as field maintenance issues and labour disputes affected output of crude oil from the North Sea, compounded with concerns over Iran's nuclear development program, and stimulus measures proposed by the United States and European central banks to address concerns over global economic growth.

Field Level Cash Flows and Field Netbacks

For the nine months ended September 30,			2012			2011
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids	Total
Total sales	$ 8,275	$ 18,750	$ 27,025	$ 13,339	$ 17,819	$ 31,158
Realized risk management gain (loss)	2,662	415	3,077	436	(63)	373
Royalties	(1,254)	(2,795)	(4,049)	(2,011)	(2,788)	(4,799)
Production expenditures	(5,325)	(4,731)	(10,056)	(6,291)	(4,418)	(10,709)
Field level cash flows	$ 4,358	$ 11,639	$ 15,997	$ 5,473	$ 10,550	$ 16,023

For the nine months ended September 30,			2012			2011
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids	Total
	$/Mcf	$/bbl	$/boe	$/Mcf	$/bbl	$/boe
Total sales	$ 2.98	$ 89.90	$ 40.21	$ 4.66	$ 94.06	$ 46.73
Realized risk management gain (loss)	0.96	1.99	4.58	0.15	(0.33)	0.56
Royalties	(0.45)	(13.40)	(6.02)	(0.70)	(14.72)	(7.20)
Production expenditures	(1.91)	(22.68)	(14.96)	(2.20)	(23.31)	(16.06)
Field netbacks	$ 1.58	$ 55.81	$ 23.81	$ 1.91	$ 55.70	$ 24.03

Price Risk Management

During the nine months ended September 30, 2012, Dundee Energy realized a gain from its price risk management contracts of $2.4 million (nine months ended September 30, 2011 – $2.0 million).

For the nine months ended September 30,			2012			2011
	Realized gain	Unrealized (loss) gain	Total	Realized gain (loss)	Unrealized gain	Total
Oil swaps	$ 415	$ 632	$ 1,047	$ (63)	$ 1,113	$ 1,050
Gas swaps	2,662	(1,296)	1,366	436	548	984
	$ 3,077	$ (664)	$ 2,413	$ 373	$ 1,661	$ 2,034

The following is a summary of outstanding commodity contracts entered into by Dundee Energy as of September 30, 2012.

Contract Fixed Price Swap	Volume	Pricing Point	Strike Price (Cdn$/unit)	Remaining Term	Fair Value September 30, 2012
Crude oil	500 bbl/d	NYMEX	$101.20	Oct 01/12 to Dec 31/12	$ 583
Natural gas	7,000 mbtu/d	NYMEX	$3.84	Oct 01/12 to Dec 31/12	369
					$ 952

CHANGES IN FINANCIAL CONDITION

Capital Expenditures

Dundee Energy incurred capital expenditures of $9.8 million in the nine months ended September 30, 2012, all in southern Ontario. During the remainder of the year, Dundee Energy's capital programs, budgeted at $5.0 million, will continue to focus on onshore oil projects and will include a number of facility initiatives to optimize oil production from existing fields. Furthermore, Dundee Energy will drill three development wells to increase production and to replenish reserves. Dundee Energy plans to spend a further $1.1 million to reprocess onshore and offshore 2-D seismic data before year end.

Dundee Energy has recorded decommissioning liabilities representing its best estimate of costs that it will incur to settle future site restoration, abandonment and reclamation obligations. At September 30, 2012, Dundee Energy's estimate of these future costs on an undiscounted basis was approximately $82.8 million and $46.0 million on a discounted basis, and are expected to be incurred over a 49-year period.

Demand Revolving Credit Facilities

On June 29, 2010, and concurrent with DELP's acquisition of the assets in southern Ontario, Dundee Energy arranged for an $80.0 million credit facility for the benefit of DELP. In July 2012, DELP's credit facility was amended to reduce amounts available pursuant to the credit facility from $80.0 million to $70.0 million. There were no other material changes to the terms of the credit facility as a result of the amendment. The credit facility is structured as a demand revolving loan, and is subject to a tiered interest rate structure that varies based on the net debt to cash flow ratio generated by DELP. The rate is initially set at prime plus 3% for loans and letters of credit or, for bankers' acceptances, at the bankers' acceptance rate plus 4%. At September 30, 2012, an aggregate of $66.5 million had been drawn against the facility and as required by statute, included a letter of credit for $3.3 million in favour of the Ministry of Natural Resources in connection with future abandonment and site restoration obligations.

Eurogas International Inc.

EII is currently conducting exploration and evaluation programs for oil and natural gas in the shallow Mediterranean waters offshore Tunisia, where it holds a 45% working interest in the Sfax permit. The Corporation's carrying value of EII's Tunisian properties at September 30, 2012 was $9.9 million (December 31, 2011 – $8.8 million).

As a result of political uncertainty and civil unrest in Tunisia, on January 18, 2011, EII announced that, together with its joint venture partner, Atlas Petroleum Exploration Worldwide Ltd. ("APEX"), it had declared a condition of Force Majeure with respect to its interest in the Sfax permit and the associated Ras El Besh development concession. EII believes that the declaration of Force Majeure allowed EII and APEX to suspend their activities, while the conditions resulting in the Force Majeure continued.

On June 19, 2009, the Tunisian government approved an extension on the Sfax permit, extending the original term to December 8, 2011. As a condition of the extension, the joint venture partners committed to drill an exploration well to a required depth during the extension period. On June 23, 2011, the Tunisian government further extended the period of the Sfax permit to December 8, 2012, with no additional commitment. The drilling obligation was subject to a compensatory payment of up to US$12 million, payable by the joint venture to the Tunisian authorities, in the event of non-compliance.

In anticipation of commencing its drilling program, during the first half of 2012, EII and its joint venture partner identified three separate potential drilling locations which they consider prospective for containing oil reserves, each of which would, if drilled, meet the joint venture's current drilling commitment pursuant to the Sfax permit. Accordingly, in the third quarter of 2012, EII and its joint venture partner began the procurement process to identify a suitable offshore drilling rig. In September 2012, the joint venture partners determined that they would not be able to secure the appropriate drilling rig in sufficient time to meet the joint venture's current drilling commitment and, as a result, the joint venture partners filed an application with the Tunisian Director General of Energy for an extension or renewal of the Sfax permit.

In November 2012, EII announced that the joint venture received approval from the Tunisian regulatory authorities for the renewal of the Sfax permit for a period of three years from December 9, 2012 to December 8, 2015 (the "First Renewal Period"). In addition, the joint venture's current drilling obligation pursuant to the initial term of the Sfax permit is to be transferred to the First Renewal Period. The final terms and conditions of the First Renewal Period will be set out shortly, but is expected to include an additional one well drilling obligation, as well as a carry over of the compensatory non-compliance payment associated with the first drilling obligation, as described above.

Equity Accounted Investments in the Resource Sector

Share of Equity Earnings

For the nine months ended September 30,		2012		2011
Dundee Precious Metals Inc.	$	11,730	$	17,095
Ryan Gold Corp.		(9,235)		(1,552)
Corona Gold Corporation		251		81
Odyssey Resources Limited		(126)		(88)
Escal UGS S.L.		-		(12)
Breakwater Resources Ltd.		-		13,372
	$	**2,620**	**$**	**28,896**

Dundee Precious Metals Inc.

Dundee Precious is a Canadian based international mining company engaged in the acquisition, exploration, development, mining and processing of precious and base metals in Bulgaria, Namibia, Armenia and Serbia.

During the nine months ended September 30, 2012, revenue from sales generated by Dundee Precious was US$281.6 million, an increase of US$31.6 million over revenue of US$250.0 million generated in the same period of the prior year. The growth was mainly attributable to an increase in deliveries of concentrates, higher volumes of payable gold and copper in concentrate sold and higher average market prices for gold, partially offset by lower volumes of concentrate smelted and lower average market prices for copper. Revenue less cost of sales ("Gross Profit") from mining operations was US$117.3 million for the nine months ended September 30, 2012, compared with US$91.9 million in the same period of the prior year. The increase in Gross Profit is consistent with the growth in net revenue, reflecting increases in the deliveries of concentrates as well as higher gold prices partially offset by lower copper prices.

Dundee Precious reported net earnings attributable to common shareholders of US$39.7 million in the nine months ended September 30, 2012, compared with US$63.4 million in the same period of the prior year. The decrease in net earnings was due primarily to net losses on derivative commodity contracts, lower concentrate smelted, lower copper prices and higher administrative and exploration expenses. These unfavourable variances were partially offset by reduced unrealized mark-to-market losses related to Dundee Precious' holding of special warrants in Sabina Gold & Silver Corp., higher volumes of payable gold and copper in concentrate sold, higher gold prices and a stronger U.S. dollar.

Instructions issued by the Namibian Minister of Environment and Tourism in April 2012 required Dundee Precious to implement a reduction in feed to its smelter. In July 2012, a technical committee of the Ministry, with the approval of the Minister, authorized a production increase to 75% of the smelter's normal operating capacity. The increase has a significant impact to Dundee Precious as, at this level, the smelter is capable of processing all current and future concentrate production by Dundee Precious from its Chelopech mine in Bulgaria.

Escal UGS S.L.

Dundee Energy holds an indirect interest in the Castor underground gas storage project, a Spanish infrastructure project that has converted the abandoned Amposta oil field, located off the eastern Mediterranean coast of Spain, to a natural gas storage facility (the "Castor Project"). Further details as to the construction of the Castor Project and the associated remuneration system are detailed in Dundee Energy's management's discussion and analysis as at and for the nine months ended September 30, 2012, which may be accessed at *www.sedar.com* or at *www.dundee-energy.com*.

Escal has established a hedging strategy to mitigate its exposure to interest rate risk associated with the project financing for the Castor Project. At September 30, 2012, the fair value of Escal's obligations in respect of these hedging strategies was approximately €89.0 million (December 31, 2011 – €74.8 million). Recording its share of Escal's obligations in respect of these hedging contracts would draw the Corporation's investment in Escal to below zero. Accordingly, the Corporation has not recognized its share of $33.2 million of these losses, as it does not have the legal or constructive obligation in respect thereof.

From 2010 to September of 2012, Escal issued shares from treasury with a par value of €14,000. In order to maintain its 33% interest, Dundee Energy indirectly subscribed for one third of the newly issued par value shares at an aggregate cost of $6,000 (€5,000). During this time, and in order to meet the equity ratios as required by the project financing for the Castor Project, the majority shareholder also contributed a share premium of €40.9 million and issued €64.2 million in subordinated loans. The Corporation has not recognized the benefit of its 33% interest in the share premium and in the subordinated loans as the realization and measurement is subject to a number of risks and uncertainties, including but not limited to, execution risk associated with the construction of the project, the availability and terms of future financing arrangements and the 50-year life span of the project.

During the second quarter of 2012, the Government of Spain announced certain regulatory modifications to the remuneration regime applicable to underground gas storage facilities. Under the previous regime, eligible capital invested was to be repaid over a 10-year period beginning immediately after the commencement of operations. Regulatory modifications increase the repayment period to 20 years. Furthermore, these regulatory modifications significantly curtail the provisional remuneration available to gas storage projects during the construction period.

Escal has determined that these regulatory modifications have an unfavourable impact to the Castor Project economics and the related project financing. Consequently, Escal has entered into discussions with the Government of Spain with a view to finding solutions that would re-establish the economic value of the project. Such discussions are ongoing, with the full knowledge and involvement of the lenders to the project. Accordingly, further borrowings pursuant to the project financing arrangement have been deferred until a satisfactory agreement has been reached between the Spanish authorities, Escal, the shareholders of Escal and the lenders to the Castor Project.

In the interim, Escal has continued with the commissioning process. On July 6, 2012, Escal was granted the provisional commissioning certificate necessary to commence the injection of cushion gas into the Castor facilities. This key milestone signifies that the facility is ready for service, subject to the injection of cushion gas and certain subsequent performance testing. However, in light of the regulatory modifications discussed above, Escal has deferred the acquisition of cushion gas until such time as an acceptable agreement has been negotiated between the Spanish government and the lenders to the Castor Project. Meanwhile, Escal is ensuring that the systems and components of the Castor facilities are carefully maintained.

Ryan Gold Corp.

The Corporation holds a 12% interest in Ryan Gold Corp. ("Ryan Gold"), a publicly traded prospective gold exploration company. As a result of current market conditions, in September 2012, Ryan Gold determined that it was appropriate to recognize an impairment of $127.0 million against certain of its properties in northern Canada. During the nine months ended September 30, 2012, the Corporation recognized a loss on its investment in Ryan Gold of $9.2 million, reflecting, in part, its share of the impairment. The Corporation's investment in Ryan Gold has been reduced to a carrying value of $4.6 million, which approximates its market value.

AGRICULTURE SEGMENT

As the world struggles with the effects of continued population growth, climate change, water shortages, urbanization and deforestation, food security will increasingly be of paramount concern in the upcoming decades. The Corporation believes that these conditions will add value to productive farmland assets and sustainable agribusinesses, as they will be a significant part of the long-term solution. In its bid to pursue opportunities in the agricultural sector, the Corporation created Dundee Agricultural in order to assess possible opportunities in this industry in late 2011.

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

Blue Goose Capital Corporation

The Blue Goose Cattle Company, a wholly owned subsidiary of Blue Goose, currently provides quality organic and all natural beef products to markets in British Columbia. Blue Goose is pursuing a sustainable program to expand its operations of organic cattle farming throughout Canada and the United States. During the nine months ended September 30, 2012, Blue Goose invested $24.5 million in its cattle production operations.

Net assets acquired:		
Capital assets		
Land and buildings	$	17,496
Machinery and equipment		3,157
Livestock		
Biological assets		1,396
Inventory		1,889
Intangible assets		519
	$	24,457
Aggregate consideration transferred		
Cash	$	21,457
Equity issued to non-controlling interest		3,000
	$	24,457

As part of its business plan, Blue Goose has expanded its land holdings to over 1.0 million acres under management. Blue Goose's land portfolio includes both freehold (deeded) acres and leasehold acreage in British Columbia and Ontario. Blue Goose seeks to acquire high quality productive acreage that is fully irrigated and which provides quality hay fields for feed production and cattle grazing.

		Number of Acres Deeded or Leased as at	
(in thousands)	September 30, 2012	June 30, 2012	March 31, 2012
British Columbia	1,093	1,093	984
Ontario	3	2	1
	1,096	1,095	985

Blue Goose plans to continue acquiring farmland property in British Columbia and Ontario in order to implement its vertically integrated business model, which will allow it to control the production, processing and distribution of its products. As part of this business plan, Blue Goose also acquired a transportation company and it is in the process of constructing a federally regulated abattoir on one of its owned properties in British Columbia.

With the expansion of its land portfolio, Blue Goose has increased its organic cattle herd to over 6,000 at September 30, 2012 from just over 2,000 at December 31, 2011.

				Cattle Herd
(number of animals)	September 30, 2012	June 30, 2012	March 31, 2012	December 31, 2011
Breeding cattle and bulls	2,381	1,618	1,015	603
Immature livestock and feeder cattle	3,653	4,272	2,829	1,443
	6,034	5,890	3,844	2,046

In addition to existing beef operations, Blue Goose is expanding into other clean protein opportunities. During the nine months ended September 30, 2012, Blue Goose expanded its product line through the acquisition of a rainbow trout fish farm operating as Meeker Aquaculture ("Meeker") on Manitoulin Island, Ontario, for approximately $2.0 million.

Net assets acquired:		
Capital assets		
Land and buildings	$	176
Machinery and equipment		192
Livestock		
Biological assets		373
Inventory		316
Intangible assets		952
	$	2,009
Aggregate consideration transferred		
Cash	$	2,009
	$	2,009

In operation since 1986 as a family-owned business, Meeker is currently licensed to produce 1.0 million pounds of rainbow trout annually. Historically, Meeker sold directly to the processor; however, going forward and consistent with its cattle farming business model, Blue Goose intends to reengineer and expand the business into a vertically integrated trout operation.

Included as part of Blue Goose's acquisition in Meeker is a fish composting operation, the genesis of which was based on unearthing an economically-friendly process for the disposal of fish by-products. Current production of this organic compost, created by mixing by-products from Ontario's fish and forestry industries, is upwards of 40 tonnes per week.

RESULTS OF OPERATIONS

During the three and nine months ended September 30, 2012, Blue Goose earned revenues of $2.4 million and $5.5 million respectively. Included in revenues during the three months ended September 30, 2012 are sales of fish protein of $0.2 million relating to the Meeker acquisition.

Approximately 50% of beef sales are to a leading retailer of natural and organic foods and the marketing of products has historically been focused on western Canada. As part of its enhanced business plan, Blue Goose intends to expand its brand recognition within British Columbia and expand its beef product sales into Ontario and other provinces in Canada. Similarly, Blue Goose intends to expand its sales of organic rainbow trout currently sold in Ontario by leveraging off its existing client base in western Canada.

Reflective of its current stage of development, during the nine months ended September 30, 2012, Blue Goose incurred a net operating loss of $3.9 million, including a loss of $0.5 million incurred in the third quarter of this year. The loss during the nine months ended September 30, 2012 was partially offset by the recognition of a $1.7 million gain in the fair value of inventory, primarily attributable to increases in cattle prices.

CHANGES IN FINANCIAL CONDITION

Changes in the Carrying Value of Livestock

The carrying value of livestock was $13.1 million at September 30, 2012, including $8.2 million of biological assets and $4.9 million of related inventory and supply items. This compares with a carrying value of $4.8 million at December 31, 2011. Approximately $4.0 million of the increase is in respect of business acquisitions completed during the period.

		Cattle		Fish		Inventory and Supply		TOTAL
Opening balance	$	4,161	$	-	$	610	$	4,771
Changes during the nine months ended September 30, 2012								
Acquisitions		1,396		373		2,205		3,974
Herd growth		781		171		-		952
Price changes		716		-		-		716
Other purchases, net of product processed		497		99		2,102		2,698
	$	7,551	$	643	$	4,917	$	13,111

During the nine months ended September 30, 2012, Blue Goose realized a fair value gain of $1.7 million in respect of its livestock. Approximately $1.0 million of this gain reflects increases in herd weight, while the remaining $0.7 million represents changes in the price of beef.

Corporate Debt

Blue Goose has entered into a $14.8 million advance loan facility, maturing July 1, 2017, with a Canadian financial institution and leading lender to the agriculture industry. Amounts borrowed pursuant to the credit facility are subject to variable interest rates with a weighted average rate of 4.2% at September 30, 2012. The facility is secured by a first charge mortgage against various real estate assets held by Blue Goose and by certain wholly owned subsidiaries of Blue Goose, some of which have also provided guarantees in respect of amounts borrowed pursuant to the loan facility. At September 30, 2012, Blue Goose had drawn $14.7 million pursuant to these arrangements.

In addition, this lender has also provided Blue Goose with an amount of $0.1 million to facilitate the purchase of equipment. Certain wholly owned subsidiaries of Blue Goose have entered into demand revolving credit facilities in the aggregate amount of $3.8 million with a Canadian chartered bank. Borrowings under these arrangements bear interest at a rate per annum ranging from the bank's prime lending rate for loans plus 0.50% to 1.50%. The facilities are secured by a general security agreement against all of the assets of the subsidiaries and are guaranteed by Blue Goose. At September 30, 2012, an aggregate of $3.0 million had been drawn against these facilities.

Increase in the Corporation's Investment in Blue Goose

At September 30, 2012, Dundee Agricultural had invested $25.8 million in Blue Goose, representing a 76% ownership interest. Subsequent to September 30, 2012, the Corporation invested a further $25.0 million to acquire 2,500,000 common shares of Blue Goose, increasing its interest to 84%. Proceeds from the Corporation's investment were used by Blue Goose to further expand its acquisition opportunities and for debt retirement.

ASSET MANAGEMENT SEGMENT

Management Fee Revenues

For the nine months ended September 30,		2012		2011
GIC				
Management fees	$	2,637	$	4,127
DREAM				
Management fees		30,844		16,518
Fees on invested capital		3,240		2,516
International operations		2,657		2,590
	$	39,378	$	25,751

Revenue from asset management activities was $39.4 million in the nine months ended September 30, 2012, a 53% increase over revenue of $25.8 million earned in the same period of the prior year. The increase corresponds directly to growth of AUM in DREAM, which increased to $10.4 billion at September 30, 2012 compared with $6.9 billion at September 30, 2011, offset by a decrease in AUM sub-advised by GIC.

Goodman Investment Counsel Inc.

GIC continues to act as sub-advisor to certain DundeeWealth funds under a sub-advisory agreement, which provides GIC with a share of management and performance fee revenues as they are generated. At September 30, 2012, GIC provided sub-advisory and investment services to approximately $0.8 billion (nine months ended September 30, 2011 – $1.0 billion) of DundeeWealth's AUM. GIC also provided sub-advisory services to $0.3 billion (nine months ended September 30, 2011 – $0.4 billion) of investment products managed by Dundee Capital Markets.

In addition, GIC provides advisory and investment services to Ravensden Alternative Group Trust ("RAGT"), an investment entity established by GIC in late 2009. At September 30, 2012, this investment entity had raised $78.2 million, including $71.4 million invested directly by Dundee Corporation. The fair value of the Corporation's $71.4 million investment in RAGT was $76.7 million at September 30, 2012.

Dundee Real Estate Asset Management

At September 30, 2012, DREAM managed third-party assets with an estimated value of $10.4 billion (December 31, 2011 – $7.0 billion). DREAM also earns asset management revenue in respect of projects in which Dundee Realty has invested capital, including Dundee Realty's investments in real estate and infrastructure projects. During the nine months ended September 30, 2012, DREAM recognized $3.2 million (nine months ended September 30, 2011 – $2.5 million) of asset management revenue in respect of projects in which Dundee Realty has invested capital. The portion of revenue that is earned in respect of Dundee Realty's invested capital is eliminated in determining the Corporation's consolidated financial results.

Other Asset Management Segment Balances

Income from Corporate Investments

Dundee Corporation's investments include several public and private investments in a variety of industry sectors. During the nine months ended September 30, 2012, the Corporation earned interest and dividend revenues of $36.7 million (nine months ended September 30, 2011 – $45.1 million) from cash resources and its corporate investment portfolio, including dividend revenue of $24.8 million (nine months ended September 30, 2011 – $38.7 million) from the Corporation's investment in Scotiabank.

The Corporation also realizes a gain or loss on sale when it disposes of an investment. These realized gains or losses are included in the Corporation's net earnings. During the nine months ended September 30, 2012, the Corporation realized losses of $44.8 million (nine months ended September 30, 2011 – $8.7 million) on its investment portfolio, excluding investments accounted for on an equity basis. Realized gain or losses may vary significantly from period to period and are dependent on levels of investment activities.

Furthermore, investments in equity securities that are designated either as financial instruments at fair value through profit and loss, or as AFS Securities, are recorded in the Corporation's consolidated financial statements at fair value. Changes in unrealized fair values of equity securities that are designated as AFS Securities are recorded as a component of OCI, subject to decreases in fair values that are considered other-than-temporary, in which case they are recorded in net earnings. However, changes in fair values of investments that are designated as financial instruments at fair value through profit and loss are recorded directly in earnings. Changes in fair values of investments that are designated as fair value through profit and loss may add further volatility to the Corporation's net earnings.

General and Administrative Expenses
Generally, head office costs, including costs associated with corporate governance and related public company costs, are accumulated and reported as head office costs and are not allocated to other operating segments. These costs were $33.0 million in the nine months ended September 30, 2012 compared with $48.7 million in the same period of the prior year. General and administrative expenses in the nine–month period of the prior year included approximately $15.0 million of expenses that were directly related to the gain earned by the Corporation following its divestment of DundeeWealth.

Corporate Interest Expense
Corporate interest expense was $14.5 million in the nine months ended September 30, 2012 compared with $10.0 million incurred in the same period of the prior year, reflecting increases in average borrowings over the respective periods.

CAPITAL MARKETS SEGMENT

Dundee Capital Markets Inc.

RESULTS OF OPERATIONS
Capital markets activities incurred a loss of $4.5 million during the nine months ended September 30, 2012, compared with net earnings of $8.1 million earned in the same period of the prior year.

For the nine months ended September 30,		2012		2011
Revenues				
Management fees	$	9,518	$	14,007
Financial services				
Investment banking		36,377		36,324
Commissions		29,239		32,460
Principal trading		5,957		(2,236)
Foreign exchange trading		559		5,247
Interest and dividends		5,541		3,404
		87,191		89,206
Cost of sales				
Variable compensation		(41,145)		(43,260)
Other items in net (loss) earnings attributable to the capital markets segment				
Depreciation		(1,002)		(654)
General and administrative		(49,352)		(37,237)
Interest expense		(212)		-
Foreign exchange gain		3		-
Net (loss) earnings attributable to the capital markets segment	$	(4,517)	$	8,055

Investment banking revenue, including revenue from new issues and advisory services fees was $36.4 million during the nine months ended September 30, 2012, essentially consistent with revenue of $36.3 million earned in the same period of 2011. During the first three quarters of 2012, Dundee Capital Markets participated in 121 (nine months ended September 30, 2011 – 149) public and private new issue transactions, with the mining and oil and gas sectors representing 50% of new issue activity. Reflecting the decrease in the number of new issue transactions, new issue revenue decreased to $30.1 million in the nine months ended September 30, 2012 compared with $34.8 million in the same period of the prior year. During this period, Dundee Capital Markets earned advisory services revenue of $6.3 million compared to $1.5 million in the same period of the prior year. Advisory services mandates are generally long term in nature, and fees are earned only on the successful completion of a contract.

Commission revenues were $29.2 million in the nine months ended September 30, 2012, compared to $32.5 million earned in the same period of the prior year. Market conditions in the first three quarters of 2012 were more challenging than the same period of 2011 as evidenced by a general decrease in trading volumes on both the TSX and the TSX Venture Exchange.

Principal trading activities generated revenues of $6.0 million during the nine months ended September 30, 2012 compared with a principal trading loss of $2.2 million in the same period of the prior year, reflecting both mark-to-market gains in respect of broker warrant inventory, as well as increases in Dundee Capital Markets' portfolio of trading securities. However, revenue from foreign exchange trading in particular decreased to $0.6 million in the nine months ended September 30, 2012 compared with $5.2 million earned in the same period of the prior year, reflecting a substantial decrease in activity relating to investment products managed by DundeeWealth prior to the Corporation's divestment of DundeeWealth in February 2011.

Capital markets professionals and financial advisors are compensated on a variable scale, based on revenues generated. Certain capital markets professionals may also be compensated based on the profitability of their respective division. During the nine months ended September 30, 2012, variable compensation expense was $41.1 million, compared with variable compensation expense of $43.3 million in the nine-month period of the prior year. Variable compensation represented approximately 54% of related financial services revenue, resulting in contribution margins of 46%. Similar to results in the first three quarters of the prior year, variable compensation represented approximately 56% of related financial services revenue, resulting in contribution margins of 44%.

Management Fee Revenue

Management fee revenue earned from tax assisted investment products, closed-end funds, and financial advisor accounts was $9.5 million in the nine months ended September 30, 2012. This compares with $14.0 million earned in the same period of the prior year. The decrease is the result of decreased AUM as illustrated in the following table.

(in millions of dollars)

As at September 30,		2012		2011
AUA	$	3,084	$	3,099
AUM		1,080		1,251

General and Administrative Expenses

General and administrative expenses in the capital markets segment were $49.4 million in the nine months ended September 30, 2012, compared with $37.2 million in the same period of the prior year. The increase is due, in part, to the costs of the restructuring process initiated by Dundee Capital Markets following its spin out from DundeeWealth in early 2011, including the separation of back office and operational systems. In addition, the capital markets segment incurred $3.7 million of restructuring costs associated with its Calgary operations as it initiated a process of enhancing its team of professionals in order to gain market share.

FINANCIAL CONDITION

Call Loan Facilities

From time to time, Dundee Capital Markets may utilize call loan arrangements to facilitate the securities settlement process for both client and principal securities transactions, or to fund margin lending. In connection with the establishment of an introducing and carrying broker arrangement with a third-party service provider, on January 1, 2012, Dundee Capital Markets arranged for an uncommitted call loan facility for up to $75 million. At September 30, 2012, there were no amounts drawn against this facility.

Other Balances Relating to Dundee Capital Markets' Investment Dealer Activities

As at		September 30, 2012		December 31, 2011
Client accounts receivable	$	423,251	$	270,526
Client deposits and related liabilities		(483,996)		(320,824)
Securities owned		111,243		35,697
Securities sold short		(28,102)		(14,199)

Client account balances represent funds owing from or belonging to clients, and amounts due to or from brokers and dealers that are pending settlement. While the amounts may vary significantly on a day-to-day basis, they do not necessarily reflect any meaningful change in Dundee Capital Markets' financial position.

Securities owned and securities sold short represent trading positions in the capital markets segment. Trading positions may also vary significantly on a day-to-day basis depending upon trading strategies in response to market conditions and in anticipation of price movements. These variances do not necessarily reflect any meaningful changes to Dundee Capital Markets' financial position. Trading positions are recorded at their fair value based on quoted prices where available, with changes in market values included in principal trading revenue.

OTHER CONSOLIDATED BALANCES AND CAPITAL STRUCTURE

Income Tax Expense

The Corporation's effective income tax rate was 54.0% in the nine months ended September 30, 2012 (nine months ended September 30, 2011 – 26.4%). This effective tax rate is higher than the statutory combined federal and provincial tax rate of 26.5% and can be attributed primarily to two factors; a remeasurement of the Corporation's net deferred income tax liabilities arising from the deferral, announced in the 2012 Ontario Budget, of Ontario income tax rate reductions, and the Part IV tax rate paid on dividend income which is higher than the statutory income tax rate. Non tax-deductible items including preference share dividends paid, which were classified as interest expense for accounting purposes, and stock based compensation expense also impacted the effective income tax rate, but were offset by certain non-taxable revenues.

Net Deferred Income Tax Liabilities

The Corporation's net deferred income tax liabilities at September 30, 2012 were $147.3 million, and represent deferred income tax liabilities of $178.7 million, offset by deferred income tax assets of $31.4 million. This compares to net deferred income tax liabilities of $170.7 million at December 31, 2011. Deferred income tax liabilities decreased as a result of the Corporation's divestiture of a portion of its investment in Scotiabank, partially offset by increases in deferred income tax liabilities as a consequence of the remeasurement arising from the deferral of the Ontario income tax rate reductions, as well as changes relating to the real estate segment. Components of the Corporation's net deferred income tax liabilities are detailed in Note 29 to the September 2012 Consolidated Financial Statements.

The Corporation's aggregate income tax loss carry forwards at September 30, 2012 were $55.8 million (December 31, 2011 – $69.3 million). Included in the Corporation's deferred income tax balances is a tax benefit of $12.6 million (December 31, 2011 – $17.0 million) in respect of these tax losses.

Corporate Debt

	$7.1 million Exchangeable Debentures	$25.0 million Corporate	Revolving Term Credit Facilities $225 million Corporate	$70 million Dundee Energy	$190 million Dundee Realty	Other Real Estate Debt	Other Agriculture Debt	TOTAL
Balance, January 1, 2011	$ 9,418	$ -	$ -	$ 62,371	$ 86,000	$ 91,067	$ -	$ 248,856
Fixed term credit facility	-	42,800	-	-	-	-	-	42,800
Revolving term credit facilities	-	-	224,265	(3,180)	2,000	-	-	223,085
Changes in real estate debt	-	-	-	-	-	31,391	-	31,391
Debentures submitted for exchange	(363)	-	-	-	-	-	-	(363)
Unrealized revaluation adjustment	763	-	-	-	-	-	-	763
Other	65	-	-	-	-	-	-	65
Balance, December 31, 2011	9,883	42,800	224,265	59,191	88,000	122,458	-	546,597
Fixed term credit facility	-	(42,800)	-	-	-	-	-	(42,800)
Revolving term credit facilities	-	-	(224,265)	3,520	3,000	-	2,991	(214,754)
Advance loan	-	-	-	-	-	-	14,748	14,748
Changes in real estate debt	-	-	-	-	-	73,627	-	73,627
Debentures submitted for exchange	(2,044)	-	-	-	-	-	-	(2,044)
Unrealized revaluation adjustment	990	-	-	-	-	-	-	990
Other	86	-	-	-	-	-	82	168
Balance, September 30, 2012	$ 8,915	$ -	$ -	$ 62,711	$ 91,000	$ 196,085	$ 17,821	$ 376,532

Corporate Revolving Term Credit Facilities ─ During the fourth quarter of 2011, the Corporation entered into an amended and restated credit agreement with a Canadian Schedule I chartered bank for borrowings up to $325 million (the "Amended Credit Facility"). The Amended Credit Facility replaced the previously existing $225 million credit facility. The Amended Credit Facility includes a $225 million revolving credit amount, which has a maturity date of November 11, 2012. In addition, the Amended Credit Facility included a $100 million fixed term amount that was partially drawn to fund the Corporation's substantial issuer bid completed in the fourth quarter of 2011. At September 30, 2012, all amounts borrowed pursuant to these facilities had been fully repaid. Subsequent to September 30, 2012, the maturity date of the Corporation's $225 million revolving term credit facilities was extended to January 11, 2013.

5.85% Exchangeable Unsecured Subordinated Debentures ─ The terms of the Corporation's exchangeable debentures provide for the exchange, at the option of the holder, of one $1,000 exchangeable debenture for 33.6134 units of Dundee REIT, subject to certain conditions. The Corporation has placed sufficient units of Dundee REIT into an escrow arrangement established for the purpose of satisfying any potential obligation pursuant to the terms of the exchangeable debentures. During the nine months ended September 30, 2012, debenture holders tendered $2.0 million of exchangeable debentures and received 68,700 units of Dundee REIT on the exchange.

Debt of Subsidiaries
A more detailed discussion of corporate debt in each of the Corporation's business segments is presented under "*Segmented Results of Operations – Changes in Financial Condition*".

Share Capital
As at September 30, 2012, there were 51,623,600 Subordinate Shares and 3,116,348 Class B common shares outstanding. On March 29, 2012, the Corporation announced that it had received regulatory approval for the renewal of its normal course issuer bid from April 1, 2012 to March 31, 2013. The normal course issuer bid allows the Corporation to purchase up to a maximum of 2,789,554 Subordinate Shares for subsequent cancellation, representing approximately 10% of the public float at the time approval for the normal course issuer bid was granted. In the third quarter of 2012, the Corporation acquired 234,400 Subordinate Shares at an average cost of $22.29 per share for cancellation pursuant to the normal course issuer bid. At November 12, 2012, there were 51,091,188 Subordinate Shares and 3,116,333 Class B common shares outstanding.

As at September 30, 2012, the Corporation had granted 1,285,000 options with a weighted average exercise price of $9.40, of which 759,000 were exercisable, as holders had met the vesting criteria. The Corporation has also issued 1,199,353 deferred share units pursuant to other share incentive arrangements.

At September 30, 2012, the Corporation had 6.0 million 5.00% cumulative redeemable first preference shares, series 1 ("Preference Shares, series 1") and 5.2 million 6.75% cumulative redeemable first preference shares, series 2 ("Preference Shares, series 2") issued and outstanding. A full description of the terms of the Preference Shares, series 1 and Preference Shares, series 2 is provided in Note 23 to the 2011 Audited Consolidated Financial Statements.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

As at September 30, 2012, the Corporation had cash of $125.5 million compared with $213.5 million at December 31, 2011. Included in the Corporation's consolidated cash balance is cash used in the operating business of Dundee Capital Markets.

Dundee Capital Markets' brokerage subsidiaries function in regulated environments and are therefore required to maintain levels of capital in liquid assets in accordance with regulatory requirements. The amount of capital that exists within these regulated entities may dictate the level of business operations, including margin lending, securities trading and corporate finance commitments. Furthermore, the ability to transfer cash resources, which, at September 30, 2012, were $100 million, out of these regulated subsidiaries may be limited by their requirement to comply with regulatory capital requirements.

As a registered portfolio manager and exempt market dealer across Canada and an investment fund manager in certain provinces, GIC is also required to maintain minimum capital as prescribed by regulation.

At September 30, 2012 and December 31, 2011, all of the Corporation's regulated subsidiaries exceeded their minimum regulatory capital requirements.

Significant Sources and Uses of Cash
During the nine months ended September 30, 2012, the Corporation incurred net cash outflows of $88.1 million (nine months ended September 30, 2011 – net cash inflows of $26.3 million) from continuing operations. Significant cash flow items are described as follows:

Significant Cash Flows – Operating Activities

For the nine months ended September 30,	2012	2011
Operating activities:		
Adjusted net earnings	$ 47,080	$ 59,616
Changes in balances relating to investment dealer activities	(52,565)	73,699
Changes in real estate working capital	(18,642)	16,357
Changes in agricultural working capital	(1,699)	-
Changes in other working capital amounts	58,245	(28,657)
Changes in income taxes payable	43,756	(9,141)
Cash provided from operating activities	$ 76,175	$ 111,874

- The effect of changes in balances related to investment dealer activities, including client account balances and brokerage securities owned and sold short, will vary significantly on a day-to-day basis. Cash flow balances relating to investment dealer activities also include amounts borrowed or repaid pursuant to call loan facilities. During the nine months ended September 30, 2012, these balances resulted in net cash outflow of $52.6 million (nine months ended September 30, 2011 – $73.7 million net cash inflow). Changes in cash resulting from these types of transactions may not necessarily reflect any meaningful change in the Corporation's financial position, or that of its subsidiaries.
- Real estate cash flows are mainly project driven. During the nine months ended September 30, 2012, real estate activities resulted in a net cash outflow of $18.6 million (nine months ended September 30, 2011 – $16.4 million net cash inflow) from operating activities.

Significant Cash Flows – Investing Activities

For the nine months ended September 30,	2012	2011
Investing activities:		
Dividends received from discontinued operations	$ -	$ 155,982
Acquisitions of non-controlling interest	(88,633)	-
Net dispositions (acquisitions) of direct investments	267,718	(248,317)
Net investment in real estate operations	(19,638)	(17,196)
Net investment in resource properties	(14,584)	(13,678)
Net investment in livestock and other agricultural assets	(23,952)	-
Other investment activities	(9,652)	(4,593)
Cash provided from (used in) investing activities	$ 111,259	$ (127,802)

- In the first nine months of the prior year, the Corporation received a cash dividend of $156.0 million in connection with its divestment of DundeeWealth.
- During the nine months ended September 30, 2012, the Corporation paid cash of $88.6 million to acquire non-controlling interests, including $88.0 million paid to acquire all of the non-controlling shareholders' interest in Dundee Capital Markets.
- Cash required or derived from trading in the Corporation's investment portfolio, including equity accounted investments, will vary from period to period and is dependent on trading activity and strategies that may evolve in response to global market conditions or otherwise. In the nine months ended September 30, 2012, the Corporation generated net cash of $267.7 million from its investment portfolio (nine months ended September 30, 2011 – $248.3 million net invested).
- Net real estate acquisition and development activities, including investments in real estate joint ventures, required cash of $19.6 million in the nine months ended September 30, 2012 compared with $17.2 million in the first three quarters of the prior year.
- During the nine months ended September 30, 2012, the Corporation invested $14.6 million on resource properties compared with $13.7 million invested in the same period of the prior year.
- Net investment in livestock and agricultural assets during the nine months ended September 30, 2012 was $24.0 million.

Significant Cash Flows – Financing Activities

For the nine months ended September 30,	2012	2011
Financing activities:		
Changes in corporate debt	$ (254,469)	$ 190,758
Net acquisition of Class A subordinate shares	(4,520)	(141,508)
Dividends paid on Preference Shares, series 2	(6,581)	(6,580)
Dividends paid to non-controlling interest	(10,500)	-
Net issuance of shares by subsidiaries to non-controlling interest	584	(476)
Cash (used in) provided from financing activities	$ (275,486)	$ 42,194

- Net amounts repaid pursuant to corporate debt facilities during the nine months ended September 30, 2012 were $254.5 million (nine months ended September 30, 2011 – $190.8 million drawn).
- During the first three quarters of 2012, the Corporation paid $4.5 million (nine months ended September 30, 2011 – $141.5 million) to purchase Subordinate Shares for cancellation under its normal course issuer bid, net of cash received on the issuance of Subordinate Shares.
- During the nine months ended September 30, 2012, the Corporation paid dividends of $6.6 million (nine months ended September 30, 2011 – $6.6 million) on outstanding Preference Shares, series 2. The Corporation has not paid a dividend on its Subordinate Shares or on its common shares.
- During the nine months ended September 30, 2012, the Corporation's subsidiaries paid dividends of $10.5 million to non-controlling shareholders.

Cash Requirements

The Corporation's capital management and funding objectives include ensuring that the Corporation is compliant with all of its ongoing obligations, including compliance with all applicable debt covenants, and ensuring that the Corporation is able to meet its financial obligations as they become due. In determining its capital allocation, the Corporation considers relevant regulatory capital requirements in order to effectively manage its capital markets business, the use of capital to develop the land and housing business in the real estate segment and resources required for the exploration, evaluation and development activities in the resource segment. The Corporation's capital management objectives also include ensuring that it has sufficient capital available to benefit from acquisitions and other opportunities, should they arise, and ensuring adequate returns for shareholders. The Corporation regularly assesses the allocation of its capital resources in response to changing economic conditions.

On an ongoing basis, the Corporation will require cash to support regulated subsidiaries, to develop real estate assets and resource properties, to meet the obligations under its other contractual commitments, and to finance dividend and interest payments on preference shares and debt obligations. The Corporation may also require cash to finance new business initiatives or to invest in other opportunities, including growth opportunities related to its portfolio of investments.

The real estate segment requires working capital to finance development of planned land and housing and condominium projects. The revolving term credit facility of $190 million in the real estate segment provides increased flexibility to operate this business efficiently. As well, Dundee Energy requires working capital to finance planned capital expenditures and development activities. Dundee Energy's demand revolving credit facility provides Dundee Energy with the necessary cash flow to undertake its planned work programs.

On a consolidated basis, the Corporation believes that operating cash flow, combined with available lines of credit and its portfolio of investments, provide sufficient cash resources for the Corporation to conduct its operations for the foreseeable future.

SEGMENTED RESULTS OF OPERATIONS

Three months ended September 30, 2012 compared with the three months ended September 30, 2011

(in thousands of dollars) **2012**

For the three months ended September 30, 2012	Real Estate	Resource	Agriculture	Asset Management	Capital Markets	Intersegment	TOTAL
REVENUES							
Management fees	$ -	$ -	$ -	$ 9,343	$ 3,065	$ (1,525)	$ 10,883
Financial services	-	-	-	476	21,280	(2,092)	19,664
Real estate	119,450	-	-	-	-	-	119,450
Oil and gas, net of royalties	-	7,359	-	-	-	-	7,359
Agriculture	-	-	2,356	-	-	-	2,356
Interest and dividends	-	70	-	12,881	1,587	(705)	13,833
	119,450	7,429	2,356	22,700	25,932	(4,322)	173,545
COST OF SALES							
Variable compensation	-	-	-	-	(11,570)	-	(11,570)
Real estate expenses	(87,614)	-	-	-	-	1,164	(86,450)
Oil and gas expenses	-	(3,876)	-	-	-	-	(3,876)
Agriculture expenses	-	-	(1,103)	-	-	-	(1,103)
	(87,614)	(3,876)	(1,103)	-	(11,570)	1,164	(102,999)
Depreciation and depletion	(611)	(3,788)	(253)	(665)	(190)	-	(5,507)
General and administrative	(2,037)	(2,106)	(1,306)	(9,461)	(16,626)	361	(31,175)
Realized loss from investments	-	-	-	(32,362)	-	-	(32,362)
Share of earnings (loss) from equity accounted investments	7,193	(3,889)	-	-	-	-	3,304
Loss on sale of equity accounted investments	(105)	-	-	-	-	-	(105)
Fair value changes in investment properties	652	-	-	-	-	-	652
Fair value changes in livestock	-	-	550	-	-	-	550
Gains (loss) on derivative financial instruments	-	(354)	-	538	-	-	184
Interest expense	(2,284)	(1,353)	(116)	(2,952)	(35)	2,797	(3,943)
Foreign exchange (loss) gain	-	(87)	(14)	(792)	100	-	(793)
NET EARNINGS (LOSS) BEFORE NON-SEGMENTED ITEMS	34,644	(8,024)	114	(22,994)	(2,389)	-	1,351
Income taxes							(3,572)
NET (LOSS) EARNINGS FOR THE PERIOD FROM CONTINUING OPERATIONS	34,644	(8,024)	114	(22,994)	(2,389)	-	(2,221)
DISCONTINUED OPERATIONS							-
	$ 34,644	$ (8,024)	$ 114	$ (22,994)	$ (2,389)	$ -	**$ (2,221)**
NET (LOSS) EARNINGS ATTRIBUTABLE TO:							
Owners of the parent	$ 27,523	$ (6,729)	$ 101	$ (22,994)	$ (2,389)	$ -	$ (8,060)
Non-controlling interest	7,121	(1,295)	13	-	-	-	5,839
	$ 34,644	$ (8,024)	$ 114	$ (22,994)	$ (2,389)	$ -	**$ (2,221)**

(in thousands of dollars) **2011**

For the three months ended September 30, 2011	Real Estate	Resource	Agriculture	Asset Management	Capital Markets	Intersegment	TOTAL
REVENUES							
Management fees	$ -	$ -	$ -	$ 11,645	$ 4,532	$ (1,335)	$ 14,842
Financial services	-	-	-	435	15,957	-	16,392
Real estate	84,252	-	-	-	-	-	84,252
Oil and gas, net of royalties	-	8,757	-	-	-	-	8,757
Agriculture	-	-	-	-	-	-	-
Interest and dividends	1	(74)	-	14,841	(328)	(656)	13,784
	84,253	8,683	-	26,921	20,161	(1,991)	138,027
COST OF SALES							
Variable compensation	-	-	-	-	(10,099)	-	(10,099)
Real estate expenses	(63,089)	-	-	-	-	838	(62,251)
Oil and gas expenses	-	(4,757)	-	-	-	-	(4,757)
Agriculture expenses	-	-	-	-	-	-	-
	(63,089)	(4,757)	-	-	(10,099)	838	(77,107)
Depreciation and depletion	(519)	(3,850)	-	(593)	(223)	-	(5,185)
General and administrative	1,479	(3,192)	-	(15,299)	(11,383)	497	(27,898)
Realized loss from investments	-	-	-	(12,869)	-	-	(12,869)
Share of earnings from equity accounted investments	5,360	10,068	-	-	-	-	15,428
Gain on sale of equity accounted investments	-	95,561	-	-	-	-	95,561
Fair value changes in investment properties	502	-	-	-	-	-	502
Fair value changes in livestock	-	-	-	-	-	-	-
Gain on derivative financial instruments	-	1,486	-	1,440	-	-	2,926
Interest expense	(2,785)	(1,114)	-	(4,285)	-	656	(7,528)
Foreign exchange gain (loss)	-	257	-	(177)	-	-	80
NET EARNINGS (LOSS) BEFORE NON-SEGMENTED ITEMS	25,201	103,142	-	(4,862)	(1,544)	-	121,937
Income taxes							(29,977)
NET EARNINGS (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	25,201	103,142	-	(4,862)	(1,544)	-	91,960
DISCONTINUED OPERATIONS							-
	$ 25,201	$ 103,142	$ -	$ (4,862)	$ (1,544)	$ -	**$ 91,960**
NET EARNINGS (LOSS) ATTRIBUTABLE TO:							
Owners of the parent	$ 20,407	$ 104,039	$ -	$ (4,862)	$ (971)	$ -	$ 88,636
Non-controlling interest	4,794	(897)	-	-	(573)	-	3,324
	$ 25,201	$ 103,142	$ -	$ (4,862)	$ (1,544)	$ -	**$ 91,960**

QUARTERLY SEGMENTED RESULTS OF OPERATIONS

Three months ended September 30, 2012 compared with the three months ended September 30, 2011

During the third quarter of 2012, the Corporation incurred a consolidated net loss attributable to owners of the Corporation of $8.1 million. This compares with net earnings attributable to owners of the Corporation of $88.6 million earned in the third quarter of the prior year. Prior year third quarter earnings include a pre-tax gain of $95.6 million from the Corporation's divestment of its interest in Breakwater.

REAL ESTATE SEGMENT

Margins from Real Estate Operations

During the third quarter of 2012, real estate operations generated contribution margins of $31.8 million or 26.7% on revenue of $119.5 million. This compares with margins of $21.2 million or 25.1% on revenue of $84.3 million in the third quarter of 2011.

For the three months ended September 30,	2012				2011			
Components of Real Estate Operations*	Revenue	Costs	Margin	% Margin	Revenue	Costs	Margin	% Margin
Inventory								
Land under development	$ 76,231	$ 50,128	$ 26,103	34.2%	$ 51,130	$ 33,238	$ 17,892	35.0%
Housing	23,805	20,400	3,405	14.3%	24,720	21,217	3,503	14.2%
Condominiums	9,153	8,659	494	5.4%	284	1,585	(1,301)	(458.1%)
Investment properties	1,689	967	722	42.7%	1,564	929	635	40.6%
Income-producing properties	7,129	7,460	(331)	(4.6%)	5,438	6,120	(682)	(12.5%)
Other	1,443	-	1,443	n/a	1,116	-	1,116	n/a
	$ 119,450	$ 87,614	$ 31,836	26.7%	$ 84,252	$ 63,089	$ 21,163	25.1%

** Excludes general and administrative expenses, interest expense and depreciation*

Revenue from land sales in the third quarter of 2012 was $76.2 million generating contribution margins of $26.1 million or 34.2%. This compares with revenue of $51.1 million generating contribution margins of $17.9 million or 35.0% in the same quarter of 2011.

The increase resulted from a higher number of transactions, primarily in western Canada where Dundee Realty sold 621 lots at an average selling price of $108,000 per lot in the third quarter of 2012, compared to 415 lots at an average selling price of $107,000 per lot in the same period of 2011. In addition, Dundee Realty sold 18 parcel acres at an average price of $499,000 per acre in the current quarter compared to 15 parcel acres sold at $435,000 per acre in the same quarter of the prior year.

Revenue from sales of housing units decreased marginally to $23.8 million in the third quarter of 2012, compared to $24.7 million in the same period of the prior year. During the current quarter, Dundee Realty sold 70 single-family homes in western Canada at an average price of $419,000 per home, translating into a $3.4 million contribution margin, compared to $2.8 million in the third quarter of 2011, when Dundee Realty sold 73 homes at an average selling price of $409,000 per home. Decreases in housing revenue and contribution margins also reflect the previous completion of certain housing projects in Toronto. Third quarter results in the prior year included the sale of six homes in respect of these projects.

Revenue from sales of condominium units increased by $8.9 million to $9.2 million in the third quarter of 2012, primarily due to the occupancy of 56 out of 75 units sold at Dundee Realty's 2 Eastern Avenue project in Toronto.

Revenue and contribution margins from investment properties increased marginally in the third quarter of 2012 compared with operating results in the same quarter of the prior year. In addition to real estate revenue and contribution margins, changes in the fair values of investment properties during the third quarter of 2012 added a further $0.7 million (third quarter of 2011 – $0.5 million) to net earnings in the real estate segment.

Revenue from income producing properties increased to $7.1 million in the third quarter of 2012 from $5.4 million in the same period of the prior year. Although resulting contribution margins improved, these properties incurred a loss of $0.3 million in the current quarter, compared with a loss of $0.7 million in the third quarter of 2011. The loss during the quarter is attributable, in part, to Dundee Realty's ski operations in Colorado. In response to poor weather conditions and the corresponding effect to skier visits, Dundee Realty implemented certain cost cutting measures, reducing the operating loss to $1.0 million in the third quarter of 2012, compared with a loss of $1.3 million incurred during the third quarter of the prior year. Dundee Realty's 17% interest in the King Edward Hotel incurred negative contribution margins in the third quarter of 2012 as a result of management limiting the number of units being made available to guests during condominium construction.

Equity Earnings in the Real Estate Segment

Equity earnings from real estate investments were $7.2 million in the third quarter of 2012, compared with $5.4 million earned in the third quarter of the prior year.

For the three months ended September 30,		2012		2011
Dundee Real Estate Investment Trust	$	5,454	$	4,860
Dundee International Real Estate Investment Trust		3,518		806
360 VOX Corporation		(268)		-
Real estate joint venture investments		(1,511)		(306)
	$	**7,193**	**$**	**5,360**

RESOURCE SEGMENT

The resource segment incurred a net loss of $8.0 million in the third quarter of 2012, compared with net earnings of $103.1 million in the same period of 2011. As previously indicated, included in net earnings for the three months ended September 30, 2011, was a pre-tax gain of $95.6 million in respect of the Company's divestment of Breakwater. The decrease reflects both the effects of the Corporation's share of losses from its resource-based equity accounted investments of $3.9 million in the third quarter of 2012, compared with earnings of $10.1 million in the same period of 2011, as well as operating losses of $4.2 million (third quarter of 2011 – $2.6 million) relating to oil and gas production and sales, and other resource-based activities.

Oil and Gas Revenue

For the three months ended September 30,			2012			2011
	Average Sales Volume/day	Revenue (net) ($000's)	Realized Prices* ($/unit)	Average Sales Volume/day	Revenue (net) ($000's)	Realized Prices* ($/unit)
Natural gas (Mcf)	10,188	2,443	3.09	10,698	3,827	4.58
Oil and liquids (bbls)	721	4,916	87.26	721	4,930	88.53
Total (boe)	2,420	7,359	39.02	2,504	8,757	45.07
Benchmark Prices						
Dawn Hub (US$/GJ)			3.10			4.41
Edmonton Par ($/bbl)			84.70			92.32
West Texas Intermediate (WTI) ($/bbl)			92.36			86.55

* *Before royalty payments*

During the third quarter of the current year, Dundee Energy earned net revenue of $7.4 million from oil and natural gas sales compared to $8.8 million in the same period of the prior year. The decrease is a result of declining commodity prices in the current quarter compared to the same quarter of the prior year.

Field Level Cash Flows and Field Netbacks

For the three months ended September 30,			2012			2011
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids	Total
Total sales	$ 2,892	$ 5,794	$ 8,686	$ 4,508	$ 5,876	$ 10,384
Realized risk management gain	654	554	1,208	355	296	651
Royalties	(449)	(878)	(1,327)	(681)	(946)	(1,627)
Production expenditures	(2,245)	(1,631)	(3,876)	(2,805)	(1,952)	(4,757)
Field level cash flows	$ 852	$ 3,839	$ 4,691	$ 1,377	$ 3,274	$ 4,651

Field level cash flows in the third quarter of 2012 were $4.7 million, consistent with field level cash flows of $4.7 million generated in the third quarter of the prior year. Field level cash flows include a gain of $1.2 million (third quarter of 2011 – $0.6 million) from risk management contracts.

For the three months ended September 30,			2012			2011
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids	Total
	$/Mcf	$/bbl	$/boe	$/Mcf	$/bbl	$/boe
Total sales	$ 3.09	$ 87.26	$ 39.02	$ 4.58	$ 88.53	$ 45.07
Realized risk management gain	0.70	8.34	5.43	0.36	4.46	2.82
Royalties	(0.48)	(13.21)	(5.96)	(0.69)	(14.25)	(7.06)
Production expenditures	(2.39)	(24.56)	(17.41)	(2.85)	(29.42)	(20.65)
Field netbacks	$ 0.92	$ 57.83	$ 21.08	$ 1.40	$ 49.32	$ 20.18

ASSET MANAGEMENT SEGMENT

The asset management segment incurred a net loss of $23.0 million in the third quarter of 2012, compared with a loss of $4.9 million in the same period of 2011. Included in the net loss for the third quarter of 2012 is a realized loss on investments of $32.4 million. This compares with a realized loss on investments of $12.9 million incurred in the third quarter of the prior year.

Revenue from Asset Management Activities

Management fee revenue was $9.3 million in the third quarter of 2012 compared with $11.6 million in the same period of the prior year. Revenue from real estate asset management activities was $7.7 million in the current quarter, a decrease of $1.9 million compared with revenue of $9.6 million earned in the third quarter of the prior year. Earnings in the third quarter of the prior year reflect the completion of a $1.0 billion acquisition on behalf of clients.

Management fees earned through GIC decreased in the third quarter of 2012 compared with the same period of the prior year, reflecting lower levels of AUM.

For the three months ended September 30,	2012	2011
GIC		
Management fees	$ 771	$ 1,199
DREAM		
Management fees	6,564	8,797
Fees on invested capital	1,164	838
International operations	844	811
	$ 9,343	$ 11,645

CAPITAL MARKETS SEGMENT

Despite improved revenue generation by the capital markets segment, general and administrative costs associated with the expansion of the capital markets business into the United Kingdom, as well as certain restructuring costs in investment banking, resulted in a pre-tax loss of $2.4 million in the third quarter of 2012, compared with a pre-tax loss of $1.5 million in the third quarter of the prior year.

For the three months ended September 30,		2012		2011
Revenues				
Management fees	$	3,065	$	4,532
Financial services				
Investment banking		8,587		5,558
Commissions		9,215		9,488
Principal trading		3,246		(1,712)
Foreign exchange trading		232		2,623
Interest and dividends		1,587		(328)
		25,932		20,161
Cost of sales				
Variable compensation		(11,570)		(10,099)
Other items in net loss attributable to the capital markets segment				
Depreciation		(190)		(223)
General and administrative		(16,626)		(11,383)
Interest expense		(35)		-
Foreign exchange gain		100		-
Net loss attributable to the capital markets segment	$	(2,389)	$	(1,544)

Revenue in Dundee Capital Markets increased to $25.9 million in the third quarter of 2012 from $20.2 million in the same period of the prior year. Investment banking revenue increased by 54% relative to the third quarter of the prior year, primarily as a result of an increase in new issue transactions in the current quarter. Commission revenue decreased marginally to $9.2 million in the current quarter, compared to $9.5 million earned in the same period of the prior year.

Variable compensation expense was $11.6 million in the third quarter of 2012 and represents 51% of associated financial services revenue. This compares with variable compensation expense of $10.1 million in the third quarter of the prior year, representing 57% of associated revenue earned in that period. The decrease in the rate of variable compensation reflects a change in the mix of financial services revenues generated during the period.

Management Fee Revenue

Management fee revenue earned from tax assisted investment products, closed-end funds, and financial advisor accounts was $3.1 million in the three months ended September 30, 2012. This compares with $4.5 million earned in the same period of the prior year. Consistent with year-to-date results, the decrease reflects a decline in AUM levels.

General and Administrative Expenses

General and administrative expenses incurred in the capital markets segment were $16.6 million in the third quarter of 2012, compared with $11.4 million in the same period of the prior year. Current period general and administrative costs include approximately $3.4 million of costs associated with a restructuring of certain investment banking activities and also includes approximately $0.9 million of general and administrative expenses associated with operations in the United Kingdom.

CONSOLIDATED QUARTERLY BUSINESS TRENDS

	Prepared in accordance with IFRS							
	2012			*2011*				*2010*
For the three months ended	30-Sept	30-Jun	31-Mar	31-Dec	30-Sept	30-Jun	31-Mar	31-Dec
Net earnings (loss) for the period								
Continuing operations	$ (8,060)	$ (16,795)	$ 32,461	$ 29,675	$ 88,636	$ 21,006	$ 14,164	$ 81,159
Discontinued operations	-	-	-	-	-	-	861,158	5,664
Net earnings (loss) attributable to owners of the parent	$ (8,060)	$ (16,795)	$ 32,461	$ 29,675	$ 88,636	$ 21,006	$ 875,322	$ 86,823
Earnings (loss) per share								
Basic								
Continuing operations	$ (0.19)	$ (0.34)	$ 0.55	$ 0.48	$ 1.33	$ 0.28	$ 0.17	$ 1.12
Discontinued operations	-	-	-	-	-	-	12.34	0.08
	$ (0.19)	$ (0.34)	$ 0.55	$ 0.48	$ 1.33	$ 0.28	$ 12.51	$ 1.20
Diluted								
Continuing operations	n/a	n/a	$ 0.53	$ 0.47	$ 1.29	$ 0.27	$ 0.17	$ 1.09
Discontinued operations	-	-	-	-	-	-	12.03	0.07
	$ -	$ -	$ 0.53	$ 0.47	$ 1.29	$ 0.27	$ 12.20	$ 1.16

- Included in the net loss for the second and third quarters of 2012 are $34.0 million and $32.4 million respectively, of realized losses in respect of certain of the Corporation's investments. Generally, investment gains or losses are only recorded in net earnings or loss when the Corporation disposes of an investment, or when there has been a permanent impairment in the carrying value of an investment. As a result, the Corporation may experience significant quarterly fluctuations in these amounts.
- Net earnings or loss per share in the fourth quarter of 2011 and in subsequent quarters reflects the impact of the Corporation's substantial issuer bid pursuant to which it acquired 10 million Subordinate Shares of the Corporation for cancellation.
- Net earnings in the third quarter of 2011 include a pre-tax gain of $95.6 million from the Corporation's divestment of its interest in Breakwater.
- Net earnings in the first quarter of 2011 include a gain of $870.8 million from the Corporation's divestment of DundeeWealth.
- Performance fee revenue may be earned in each of the Corporation's capital markets and asset management segments. Performance fees are contingent on the market values of the underlying portfolio at a point in time, generally at the calendar year end, or upon the conclusion of limited partnership arrangements. As these performance fees are recorded in earnings only when these values have been determined with certainty, these operating segments may experience fluctuations in quarter-over-quarter revenues, with peaks generally in the fourth quarter of each year. Performance fees earned in the fourth quarter of 2011 were $nil (fourth quarter of 2010 – $32.7 million).
- Real estate operations are project driven. Real estate revenue and associated real estate operating costs are only included in operations in periods when a development project is completed and sold. Otherwise, these costs are deferred as real estate assets. This may cause fluctuations in net earnings from period to period.
- The Corporation's share of earnings from equity accounted investments is included in net earnings for each quarter. Earnings from each equity accounted investment and dilution gains and losses from these investments will fluctuate from period to period and may depend on market forces or other operating conditions that are not necessarily under the Corporation's direct control.

OFF-BALANCE SHEET ARRANGEMENTS, COMMITMENTS AND CONTINGENCIES

Other than as disclosed elsewhere in this MD&A or in Note 33 to the September 2012 Interim Consolidated Financial Statements, there have been no significant changes in the nature of off-balance sheet arrangements, commitments and contingencies from those described in Note 35 to the 2011 Audited Consolidated Financial Statements and under *"Off-Balance Sheet Arrangements"* and *"Commitments and Contingencies"* on pages 41 through 43 in the Corporation's MD&A as at and for the year ended December 31, 2011.

RELATED PARTY TRANSACTIONS

There have been no significant changes in the nature and scope of related party transactions to those described in Note 36 to the 2011 Audited Consolidated Financial Statements and the accompanying MD&A.

CRITICAL ACCOUNTING POLICIES AND ESTIMATES

The preparation of the Corporation's consolidated financial statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. Critical accounting estimates represent estimates made by management that are, by their very nature, uncertain. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no changes in the accounting policies applied in the preparation of the Corporation's September 2012 Interim Consolidated Financial Statements from those detailed in Note 3 to the Corporation's 2011 Audited Consolidated Financial Statements. A summary of the more significant judgments and estimates made by management in the preparation of its financial information is provided in Note 4 to the 2011 Audited Consolidated Financial Statements. There have been no significant changes in these judgments and estimates during the nine months ended September 30, 2012.

CONTROLS AND PROCEDURES

In accordance with the Canadian Securities Administrators' National Instrument 52-109, the Corporation has filed certificates signed by its Chief Executive Officer and the Chief Financial Officer certifying that, among other things, the design of disclosure controls and procedures and the design of internal control over financial reporting are adequate as at September 30, 2012.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Corporation in the reports it files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and reported to management, including the Corporation's Chief Executive Officer and Chief Financial Officer, as appropriate, to allow required disclosures to be made in a timely fashion. Based on their evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2012, the Corporation's disclosure controls and procedures were effective.

The Chief Executive Officer and Chief Financial Officer of the Corporation have also evaluated whether there were changes to the Corporation's internal control over financial reporting during the nine months ended September 30, 2012 that have materially affected, or are reasonably likely to materially affect, the Corporation's internal control over financial reporting. There were no changes identified during their evaluation.

MANAGING RISK

Except as otherwise disclosed in this MD&A, there have been no significant changes to the nature and scope of the risks faced by the Corporation as described in the Corporation's 2011 Annual Information Form under "Risk Factors" which is available on SEDAR at *www.sedar.com*.

FORWARD LOOKING STATEMENTS

Dundee Corporation's public communications may include written or oral forward looking statements. Statements of this type are included in this MD&A, and may be included in other filings with the Canadian regulators, stock exchanges or in other communications. All such statements constitute forward looking information within the meaning of securities law and are made pursuant to the "safe harbour" provisions of applicable securities laws. Forward looking statements may include, but are not limited to, statements about anticipated future events or results including comments with respect to the Corporation's objectives and priorities for 2012 and beyond, strategies or further actions with respect to the Corporation, its products and services, business operations, financial performance and condition. Forward looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions concerning matters that are not historical facts. Such statements are based on current expectations of the Corporation's management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and those affecting the financial services, real estate and resource industries generally. The forward looking information contained in this MD&A is presented for the purpose of assisting shareholders in understanding business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes.

A number of risks, uncertainties and other factors may cause actual results to differ materially from the forward looking statements contained in this MD&A, including, among other factors, those referenced in the section entitled "Risk Factors" in the Corporation's Annual Information Form, which include, but are not limited to, general economic and market conditions; the Corporation's ability to execute strategic plans and meet financial obligations; the performance of the Corporation's principal subsidiaries; the Corporation's ability to raise additional capital; the Corporation's ability to create, attract and retain AUM and AUA; risks relating to trading activities and investments; competition faced by the Corporation; regulation of the Corporation's businesses; successful integration of the Corporation with acquired businesses and the realization of any anticipated synergies; risks associated with the Corporation's real estate and resource businesses and the Corporation's investment holdings in general, including risks associated with oil and gas and mining exploration, development and production activities, environmental risks, inflation, changes in interest rates, commodity prices and other financial exposures; the availability and adequacy of insurance coverage for the Corporation and its subsidiaries; maintenance of minimum regulatory capital requirements for certain of the Corporation's subsidiaries; potential liability of the Corporation and its subsidiaries under securities laws and for violations of investor suitability requirements; and the ability of the Corporation and its subsidiaries to attract and retain key personnel. The preceding list is not exhaustive of all possible risk factors that may influence actual results, and is compiled based upon information available as of November 12, 2012.

Forward looking statements contained in this MD&A are based upon assumptions about the future performance of the Canadian, United States, European and other foreign economies, which were material factors considered by management when setting Dundee Corporation's strategic priorities and objectives. In determining expectations for economic growth in the real estate, resource and capital markets sectors, the Corporation considered historical economic data provided by the Canadian government and its agencies, market and general economic conditions, which factors are unpredictable and may impact the Corporation's performance.

Forward looking statements contained in this MD&A are not guarantees of future performance and, while forward looking statements are based on certain assumptions that the Corporation considers reasonable, actual events and results could differ materially from those expressed or implied by forward looking statements made by the Corporation. Prospective investors are cautioned to consider these and other factors carefully when making decisions with respect to the Corporation and not place undue reliance on forward looking statements. Circumstances affecting the Corporation may change rapidly. Except as may be required by applicable law, the Corporation does not undertake any obligation to update publicly or revise any such forward looking statements, whether as a result of new information, future events or otherwise.

INFORMATION CONCERNING DUNDEE CORPORATION

Additional information relating to Dundee Corporation, including a copy of the Corporation's Annual Information Form, may be found on SEDAR at *www.sedar.com* and the Corporation's website at *www.dundeecorp.com*.

Toronto, Ontario
November 12, 2012

DUNDEE CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

(expressed in thousands of Canadian dollars)

	Note	As at September 30, 2012	As at December 31, 2011
ASSETS			
Cash		$ 125,471	$ 213,523
Accounts receivable		305,861	308,101
Client accounts receivable	7	423,251	270,526
Derivative financial assets	8	5,512	6,056
Brokerage securities owned	9	112,163	37,600
Investments	10	1,205,211	1,484,969
Equity accounted investments	11	453,150	429,176
Real estate joint venture investments	12	56,482	47,917
Real estate assets	13	564,634	444,605
Resource properties	14	186,066	181,690
Livestock	15	13,111	4,771
Capital and other assets	16	80,873	52,665
TOTAL ASSETS		**$ 3,531,785**	**$ 3,481,599**
LIABILITIES			
Bank indebtedness	17	$ -	$ -
Accounts payable and accrued liabilities		262,707	207,497
Client deposits and related liabilities	18	490,771	329,951
Brokerage securities sold short	9	28,102	14,199
Income taxes payable		43,969	213
Corporate debt	19	376,532	546,597
Decommissioning liabilities	20	45,992	45,234
Preference Shares, series 1	21	148,686	148,423
Deferred income tax liabilities	29	147,324	170,738
		1,544,083	1,462,852
SHAREHOLDERS' EQUITY			
Share capital			
Common shares	22	210,443	210,573
Preference Shares, series 2	21	127,068	127,068
Contributed surplus		11,176	14,253
Retained earnings		1,519,258	1,522,522
Accumulated other comprehensive loss	23	(20,577)	(67,144)
		1,847,368	1,807,272
NON-CONTROLLING INTEREST	24	140,334	211,475
		1,987,702	2,018,747
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY		**$ 3,531,785**	**$ 3,481,599**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

Commitments, contingencies and off-balance sheet arrangements (note 33)

DUNDEE CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

(expressed in thousands of Canadian dollars, except per share amounts)

		For the three months ended		For the nine months ended	
	Note	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
REVENUES	25	$ 173,545	$ 138,027	$ 476,052	$ 377,538
OTHER ITEMS IN NET EARNINGS					
Cost of sales	26	(102,999)	(77,107)	(273,694)	(200,647)
Depreciation and depletion	13,14,16	(5,507)	(5,185)	(16,571)	(15,121)
General and administrative	28	(31,175)	(27,898)	(98,927)	(97,472)
Realized loss from investments	10	(32,362)	(12,869)	(44,812)	(8,721)
Share of earnings from equity accounted investments	11	3,304	15,428	25,671	44,760
(Loss) gain on sale of equity accounted investments	11	(105)	95,561	(266)	95,572
Fair value changes in investment properties	13	652	502	6,227	1,794
Fair value changes in livestock	15	550	-	1,668	-
Gain on derivative financial instruments	8	184	2,926	2,533	4,230
Interest expense	19,20	(3,943)	(7,528)	(21,640)	(19,767)
Foreign exchange (loss) gain		(793)	80	(2,252)	(197)
NET EARNINGS BEFORE INCOME TAXES		1,351	121,937	53,989	181,969
Income taxes	29	(3,572)	(29,977)	(29,147)	(47,998)
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS		(2,221)	91,960	24,842	133,971
DISCONTINUED OPERATIONS	4				
Loss, net of taxes		-	-	-	(20,000)
Gain on sale of discontinued operations, net of taxes		-	-	-	870,828
		-	-	-	850,828
NET EARNINGS (LOSS) FOR THE PERIOD		**$ (2,221)**	**$ 91,960**	**$ 24,842**	**$ 984,799**
NET EARNINGS (LOSS) ATTRIBUTABLE TO:					
Owners of the parent		(8,060)	88,636	7,606	984,964
Non-controlling interest		5,839	3,324	17,236	(165)
		$ (2,221)	**$ 91,960**	**$ 24,842**	**$ 984,799**
NET EARNINGS (LOSS) PER SHARE	30				
Basic					
Continuing operations		$ (0.19)	$ 1.33	$ 0.02	$ 1.74
Discontinued operations		-	-	-	12.78
		$ (0.19)	$ 1.33	$ 0.02	$ 14.52
Diluted					
Continuing operations		n/a	$ 1.29	$ 0.02	$ 1.69
Discontinued operations		-	-	-	12.43
		$ -	$ 1.29	$ 0.02	$ 14.12

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

DUNDEE CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME (LOSS)
(unaudited)

(expressed in thousands of Canadian dollars)

		For the three months ended		For the nine months ended	
	Note	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
NET EARNINGS (LOSS) FOR THE PERIOD		$ (2,221)	$ 91,960	$ 24,842	$ 984,799
Other comprehensive income (loss)					
Unrealized (loss) gains on available-for-sale securities,		13,909	(174,401)	(10,366)	(117,534)
net of associated taxes		(3,060)	34,905	8,098	21,048
Transfer of unrealized loss to net earnings,		43,650	12,869	71,342	8,721
net of associated taxes		(7,904)	(3,217)	(13,258)	(2,180)
Unrealized (loss) gains from foreign currency translation		(778)	606	(1,088)	63
Share of other comprehensive loss from equity accounted investments,		(1,691)	(5,400)	(11,553)	(13,084)
net of associated taxes		432	827	3,078	2,404
Transfer of unrealized other comprehensive loss from equity accounted					
investments to net earnings,		-	3,806	-	3,806
net of associated taxes		-	(952)	-	(952)
Other comprehensive income (loss) from continuing operations		44,558	(130,957)	46,253	(97,708)
Other comprehensive loss from discontinued operations,	4	-	-	-	(11,439)
net of associated taxes		-	-	-	3,061
Transfer of other comprehensive income from discontinued operations,		-	-	-	(37,100)
net of associated taxes		-	-	-	9,905
Total other comprehensive income (loss)		44,558	(130,957)	46,253	(133,281)
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		**$ 42,337**	**$ (38,997)**	**$ 71,095**	**$ 851,518**
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of the parent		36,731	(41,594)	54,173	872,442
Non-controlling interest		5,606	2,597	16,922	(20,924)
		$ 42,337	**$ (38,997)**	**$ 71,095**	**$ 851,518**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

DUNDEE CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY
(unaudited)

(expressed in thousands of Canadian dollars)

	Attributable to Owners of the Parent						
	Common Shares	Preference Shares, Series 2	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Non-controlling Interest	Total
Balance, December 31, 2010	$ 273,414	$ 127,068	$ 9,562	$ 833,415	$ 90,195	$ 734,789	$ 2,068,443
For the nine months ended September 30, 2011							
Net earnings, continuing operations	-	-	-	123,806	-	10,165	133,971
Net loss, discontinued operations (note 4)	-	-	-	(9,670)	-	(10,330)	(20,000)
Gain on sale of discontinued operations (note 4)	-	-	-	870,828	-	(515,425)	355,403
Other comprehensive loss, continuing operations	-	-	-	-	(95,370)	(2,338)	(97,708)
Other comprehensive loss, discontinued operations (note 4)	-	-	-	-	(17,152)	(18,421)	(35,573)
Acquisition of Class A subordinate shares for cancellation (note 22)	(23,222)	-	-	(118,366)	-	-	(141,588)
Issuance of Class A subordinate shares for non-cash consideration (note 22)	53	-	-	-	-	-	53
Issuance of Class A subordinate shares for cash (note 22)	52	-	-	-	-	-	52
Dividends on Preference Shares, series 2	-	-	-	(6,580)	-	-	(6,580)
Stock based compensation (note 27)	-	-	1,671	-	-	-	1,671
Exercise of options (note 22)	32	-	(4)	-	-	-	28
Share incentive arrangements	-	-	5,500	-	-	-	5,500
Changes of ownership interest in subsidiaries (note 6)	-	-	(239)	-	-	(287)	(526)
Realized actuarial losses from equity accounted investments	-	-	-	(78)	-	-	(78)
Balance, September 30, 2011	250,329	127,068	16,490	1,693,355	(22,327)	198,153	2,263,068
From October 1, 2011 to December 31, 2011							
Net earnings, continuing operations	-	-	-	29,675	-	9,595	39,270
Other comprehensive loss, continuing operations	-	-	-	-	(44,817)	128	(44,689)
Acquisition of Class A subordinate shares for cancellation (note 22)	(39,866)	-	-	(198,315)	-	-	(238,181)
Issuance of Class A subordinate shares for non-cash consideration (note 22)	17	-	-	-	-	-	17
Issuance of Class A subordinate shares for cash (note 22)	18	-	-	-	-	-	18
Dividends on Preference Shares, series 2	-	-	-	(2,195)	-	-	(2,195)
Stock based compensation (note 27)	-	-	611	-	-	-	611
Exercise of options (note 22)	75	-	(28)	-	-	-	47
Share incentive arrangements	-	-	(2,373)	-	-	-	(2,373)
Changes of ownership interest in subsidiaries (note 6)	-	-	(447)	-	-	3,599	3,152
Realized actuarial losses from equity accounted investments	-	-	-	2	-	-	2
Balance, December 31, 2011	210,573	127,068	14,253	1,522,522	(67,144)	211,475	2,018,747
For the nine months ended September 30, 2012							
Net earnings, continuing operations	-	-	-	7,606	-	17,236	24,842
Other comprehensive income, continuing operations	-	-	-	-	46,567	(314)	46,253
Acquisition of Class A subordinate shares for cancellation (note 22)	(936)	-	-	(4,289)	-	-	(5,225)
Issuance of Class A subordinate shares for non-cash consideration (note 22)	53	-	-	-	-	-	53
Issuance of Class A subordinate shares for cash (note 22)	52	-	-	-	-	-	52
Dividends on Preference Shares, series 2	-	-	-	(6,581)	-	-	(6,581)
Stock based compensation (note 27)	-	-	1,775	-	-	-	1,775
Exercise of options (note 22)	701	-	(48)	-	-	-	653
Share incentive arrangements	-	-	901	-	-	-	901
Dividends paid to non-controlling interest	-	-	-	-	-	(10,500)	(10,500)
Changes of ownership interest in subsidiaries (note 6)	-	-	(5,705)	-	-	(77,563)	(83,268)
Balance, September 30, 2012	**$ 210,443**	**$ 127,068**	**$ 11,176**	**$ 1,519,258**	**$ (20,577)**	**$ 140,334**	**$ 1,987,702**

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

DUNDEE CORPORATION
CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited)

(expressed in thousands of Canadian dollars)

	Note	For the nine months ended September 30, 2012	September 30, 2011
OPERATING ACTIVITIES:			
Net earnings for the period		$ 24,842	$ 984,799
Adjusted for: net loss from discontinued operations	4	-	20,000
Other items affecting cash flow from operations:			
Gain on sale of discontinued operations, net of taxes	4	-	(870,828)
Loss (gain) on sale of equity accounted investments	11	266	(95,572)
Distributions from equity accounted investments		16,030	18,121
Depreciation and depletion	13,14,16	16,571	15,121
Realized loss from investments	10	44,812	8,721
Share of earnings from equity accounted investments	11	(25,671)	(44,760)
Fair value changes in investment properties	13	(6,227)	(1,794)
Fair value changes in livestock	15	(1,668)	-
Unrealized loss (gain) on derivative financial instruments	8	544	(3,857)
Reclamation expenditures	20	(1,405)	(659)
Deferred income taxes	29	(25,788)	27,450
Stock based compensation	27	2,384	2,404
Other		2,390	470
		47,080	59,616
Changes in:			
Accounts receivable		4,298	9,157
Accounts payable and accrued liabilities		53,947	(37,814)
Income taxes payable		43,756	(9,141)
Brokerage securities owned and sold short, net		(60,660)	129,316
Client accounts receivable, net of client deposits and related liabilities		8,095	(55,617)
Land, housing and condominium inventory		(134,094)	(32,748)
Other real estate working capital		115,452	49,105
Other agricultural working capital		(1,699)	-
Cash provided from operating activities - continuing operations		76,175	111,874
Cash provided from operating activities - discontinued operations		-	37,617
CASH PROVIDED FROM OPERATING ACTIVITIES		76,175	149,491
INVESTING ACTIVITIES:			
Net investment in real estate assets and real estate joint ventures		(19,638)	(17,196)
Net investment in resource properties		(14,584)	(7,666)
Net investment in livestock and other agricultural assets		(23,952)	-
Cash disbursed in business combinations	5	-	(6,012)
Acquisitions from non-controlling interest		(88,633)	-
Acquisition of portfolio investments		(296,603)	(449,996)
Proceeds from dispositions of portfolio investments		564,321	201,679
Dividends received from discontinued operations		-	155,982
Net investment in capital and other assets		(9,652)	(4,593)
Cash provided from (used in) investing activities - continuing operations		111,259	(127,802)
Cash used in investing activities - discontinued operations		-	(15,637)
CASH PROVIDED FROM (USED IN) INVESTING ACTIVITIES		111,259	(143,439)
FINANCING ACTIVITIES:			
Change in corporate debt		(254,469)	190,758
Issuance of Class A subordinate shares, net of issue costs		705	80
Acquisition of Class A subordinate shares, net of costs	22	(5,225)	(141,588)
Net issuance of shares by subsidiaries to non-controlling interest		584	(476)
Dividends paid by subsidiaries to non-controlling interest		(10,500)	-
Dividends paid on Preference Shares, series 2		(6,581)	(6,580)
Cash (used in) provided from financing activities - continuing operations		(275,486)	42,194
Cash used in financing activities - discontinued operations		-	(135,273)
CASH USED IN FINANCING ACTIVITIES		(275,486)	(93,079)
NET DECREASE IN CASH DURING THE PERIOD		(88,052)	(87,027)
Cash, continuing operations, beginning of period		213,523	131,814
Cash, discontinued operations, beginning of period		-	373,115
		125,471	417,902
Less: cash disposed of on sale of discontinued operations		-	(261,974)
CASH, CONTINUING OPERATIONS, END OF PERIOD		**$ 125,471**	**$ 155,928**
Cash flows include the following amounts:			
Interest paid		$ 23,362	$ 21,917
Taxes paid		$ 11,179	$ 29,513

The accompanying notes are an integral part of these unaudited condensed interim consolidated financial statements.

DUNDEE CORPORATION
NOTES TO THE CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
(unaudited)

For the three and nine months ended September 30, 2012 and September 30, 2011
Tabular dollar amounts in thousands of Canadian dollars, except per share amounts

1. NATURE OF OPERATIONS

Dundee Corporation (the "Corporation" or "Dundee Corporation") is an independent publicly traded Canadian asset management company. Dundee Corporation's asset management activities are focused in the areas of the Corporation's core competencies and include real estate and infrastructure as well as energy, resources and agriculture. Asset management activities are carried out by Goodman Investment Counsel Inc. ("GIC") (formerly Ned Goodman Investment Counsel Limited), a registered portfolio manager and exempt market dealer across Canada and an investment fund manager in the provinces of Ontario, Quebec and Newfoundland; and by Dundee Real Estate Asset Management ("DREAM"), the asset management division of Dundee Realty Corporation ("Dundee Realty"). Asset management activities are supported by the Corporation's ownership in Dundee Capital Markets Inc. ("Dundee Capital Markets"), which is also the asset manager of Dundee Corporation's flow-through limited partnership business carried out through the "CMP", "CDR" and "Canada Dominion Resources" brands.

Dundee Corporation also owns and manages direct investments in these core focus areas, through ownership of both publicly listed and private companies. Real estate operations are carried out through Dundee Realty, an owner, developer and manager of residential, commercial and recreational properties in North America and in Europe. Real estate operations are complemented by the Corporation's 21% interest in Dundee International Real Estate Investment Trust ("Dundee International REIT"), an unincorporated open-ended real estate development trust that invests in commercial real estate exclusively outside of Canada, as well as a 6% interest in Dundee Real Estate Investment Trust ("Dundee REIT"), a Canadian real estate investment trust.

Energy and resource operations include the Corporation's ownership in Dundee Energy Limited ("Dundee Energy"), an oil and natural gas company with a mandate to create long-term value through the development of high impact energy projects. The Corporation also holds several other investments in the resource sector for which it applies the equity method of accounting.

The Corporation's agricultural operations include the Corporation's 76% interest in Blue Goose Capital Corporation ("Blue Goose"), a Canadian company operating in the clean protein production market.

At September 30, 2012, the Corporation's major subsidiaries included:

	As at and for the nine months ended September 30, 2012		As at and for the year ended December 31, 2011	
(in alphabetical order)	Opening Ownership	Ending Ownership	Opening Ownership	Ending Ownership
Blue Goose Capital Corporation (note 5)	81%	76%	-	81%
Dundee Capital Markets Inc. (note 6)	49%	100%	48%	49%
Dundee Energy Limited	57%	57%	54%	57%
Dundee Realty Corporation	70%	70%	70%	70%
DundeeWealth Inc. (note 4)	-	-	48%	-
Goodman Investment Counsel Inc.	100%	100%	100%	100%

The Corporation is incorporated under the Business Corporations Act (Ontario) and is domiciled in Canada. The Corporation's head office is located at Dundee Place, 1 Adelaide Street East, Toronto, Ontario, Canada, M5C 2V9. The Corporation is listed on the Toronto Stock Exchange ("TSX") under the symbol "DC.A".

2. BASIS OF PREPARATION

These unaudited condensed interim consolidated financial statements of the Corporation as at and for the three and nine months ended September 30, 2012 ("September 2012 Interim Consolidated Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "*Interim Financial Reporting*". The September 2012 Interim Consolidated Financial Statements were authorized by the Board of Directors on November 12, 2012.

The September 2012 Interim Consolidated Financial Statements follow the same accounting principles and methods of application as those disclosed in note 3 to the Corporation's audited consolidated financial statements as at and for the year ended December 31, 2011 ("2011 Audited Consolidated Financial Statements"). The September 2012 Interim Consolidated Financial Statements do not include all disclosures required by IFRS for annual financial statements and accordingly, should be read in conjunction with the 2011 Audited Consolidated Financial Statements.

The preparation of the September 2012 Interim Consolidated Financial Statements requires management to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Corporation's reported amounts of assets, liabilities, revenues and other items in earnings, and the related disclosure of contingent assets and liabilities, if any. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and other items in earnings that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There have been no significant changes in accounting judgments, estimates and assumptions made by the Corporation in the preparation of the September 2012 Interim Consolidated Financial Statements from those judgments, estimates and assumptions disclosed in note 4 to the 2011 Audited Consolidated Financial Statements.

3. ACCOUNTING STANDARDS, INTERPRETATIONS AND AMENDMENTS TO EXISTING STANDARDS NOT YET EFFECTIVE

On May 17, 2012, the IASB released "*Annual Improvements 2009 - 2011 Cycle*", as a series of amendments to IFRS, as its latest set of annual improvements. The Corporation has noted the following specific amendments included in the release which may impact the Corporation's financial statements:

Amendment to IAS 1, "*Presentation of Financial Statements*" ("IAS 1") – IAS 1 requires the presentation of an additional, opening statement of financial position when an entity applies an accounting policy retrospectively, or makes a retrospective restatement or reclassification. Amendments to IAS 1 clarify the disclosure requirements such that certain comparative information is only required if it has a material effect upon the information that is presented in the statement of financial position.

Amendment to IAS 16, "*Property, Plant and Equipment*" ("IAS 16") – IAS 16 was amended to provide further clarity on accounting for spare parts and servicing equipment. Before the amendment, IFRS required the classification of spare parts and servicing equipment as inventory. The amendment clarifies that these items should be classified as property, plant and equipment if they meet the definition pursuant to IAS 16.

Amendment to IAS 32, "*Financial Instruments: Presentation*" ("IAS 32") – IAS 32 was amended to clarify the treatment of income taxes relating to distributions and transaction costs.

Amendment to IAS 34, "*Interim Financial Reporting*" ("IAS 34") – IAS 34 was amended to align the disclosure requirements for segmented assets and segmented liabilities in interim financial reports with those of IFRS 8, "*Operating Segments*". Under the amendment, IAS 34 requires a measure of total assets and liabilities for an operating segment in interim financial statements if such information is regularly provided to the chief operating decision maker and there has been a material change in those measures since the last annual financial statements.

The above referenced amendments are effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

Other than as discussed above, new accounting standards, interpretations and amendments to existing standards that are not yet effective were outlined in note 3 to the 2011 Audited Consolidated Financial Statements.

The Corporation has not yet determined the impact, if any, that the new and amended standards may have on its financial statements.

4. DISCONTINUED OPERATIONS AND DIVESTMENT OF DUNDEEWEALTH INC.

On February 1, 2011, the Corporation sold its 48% interest in DundeeWealth Inc. ("DundeeWealth") to The Bank of Nova Scotia ("Scotiabank"), pursuant to an offer made by Scotiabank on November 22, 2010. In exchange, the Corporation received 18,599,028 common shares of Scotiabank (each a "Scotiabank Common Share") valued at $1,046,528,000 and 14,897,209 $25 3.70% 5-year rate reset preferred shares of Scotiabank (each a "Scotiabank Preferred Share") valued at $372,430,000. In addition, the Corporation received a cash dividend of $155,982,000 and a dividend-in-kind of 74,484,956 common shares of Dundee Capital Markets pursuant to distributions made by DundeeWealth immediately prior to completion of the transaction as described above. The Corporation realized a gain of $870,828,000 from the divestment of its investment in DundeeWealth.

The operating performance of DundeeWealth prior to completion of the transaction with Scotiabank has been included in the Corporation's consolidated statements of operations and comprehensive income for the comparative period ended September 30, 2011 as "*discontinued operations, net of taxes*" and was comprised of the following amounts:

		For the period from January 1, 2011 to February 1, 2011
Revenues	$	83,958
Other items in net loss		(93,971)
Net loss before income taxes		(10,013)
Income taxes		(9,987)
Net loss for the period	$	(20,000)
Net loss attributable to:		
Owners of the parent	$	(9,670)
Non-controlling interest		(10,330)
	$	(20,000)
Net loss for the period	$	(20,000)
Other comprehensive loss for the period, net of associated taxes of $3,061		(8,378)
Comprehensive loss for the period	$	(28,378)
Comprehensive loss attributable to:		
Owners of the parent	$	(13,676)
Non-controlling interest		(14,702)
	$	(28,378)

In connection with the transaction, each of the Corporation and Ned Goodman, the Corporation's President and Chief Executive Officer, entered into a non-competition and non-solicitation agreement with Scotiabank which, among other things, restricts each of them for a period of three years ending February 1, 2014, from competing directly or indirectly with the business of DundeeWealth acquired by Scotiabank.

5. BUSINESS COMBINATIONS

Acquisition of Blue Goose Capital Corporation

On December 9, 2011, the Corporation acquired a 79% interest in Blue Goose Capital Corporation for cash of $12,000,000. Blue Goose is a privately-owned Canadian company operating in the organic and natural beef production market. Blue Goose has operations in both British Columbia and Ontario. During the three and nine months ended September 30, 2012, Blue Goose generated revenues of $2,356,000 and $5,488,000. During the three months ended September 30, 2012, Blue Goose generated pre-tax earnings of $53,000, reducing its nine month pre-tax loss to $420,000.

Acquisition of Dundee Securities Europe Ltd. (formerly "Middlemarch Partners Limited")

On November 11, 2011, the Corporation completed the acquisition of Dundee Securities Europe Ltd. ("DSE") for cash of $2,831,000 (£1,700,000). DSE is a securities firm licensed with the Financial Services Authority in the United Kingdom. During the three and nine months ended September 30, 2012, DSE generated revenues of $1,446,000 and $2,431,000 respectively. DSE generated pre-tax income of $21,000 in the three months ended September 30, 2012, reducing its nine month pre-tax loss to $598,000.

Acquisition of Torque Energy Inc.

On August 4, 2011, Dundee Energy completed the acquisition of Torque Energy Inc. ("Torque"), a Canadian-based oil and natural gas company. On December 1, 2011, Dundee Energy converged the assets and operations acquired pursuant to the Torque transaction with its existing business in southern Ontario.

The allocation of the aggregate consideration transferred in the above referenced business combinations to the various identifiable assets and liabilities acquired, is summarized as follows:

	Blue Goose	*DSE*	*Torque*
Net assets acquired:			
Cash	$ 2,625	$ 2,050	$ -
Accounts receivable	-	151	1,171
Resource properties	-	-	10,076
Livestock	3,339	-	-
Capital assets	6,916	38	-
Other intangible assets	3,703	815	-
	16,583	3,054	11,247
Corporate debt	-	-	(1,429)
Accounts payable and accrued liabilities	(1,619)	(140)	(519)
Income taxes payable	-	(83)	-
Decommissioning liability	-	-	(2,169)
	$ 14,964	$ 2,831	$ 7,130
Aggregate consideration transferred:			
Cash	$ 12,000	$ 2,831	$ 6,012
Equity in Dundee Energy	-	-	1,118
Attributed to non-controlling interest	2,964	-	-
	$ 14,964	$ 2,831	$ 7,130

6. ACQUISITIONS AND DILUTIONS OF INTERESTS IN SUBSIDIARIES

Transactions Completed During the Nine Months Ended September 30, 2012

	Interest Owned 31-Dec-11	Effect on Contributed Surplus	Interest Owned 30-Sept-12
Blue Goose Capital Corporation	81%	$ 193	76%
Dundee Capital Markets Inc.	49%	(4,977)	100%
Dundee Energy Limited	57%	216	57%
Dundee Realty Corporation	70%	(142)	70%
Nichromet Extraction Inc.	70%	(995)	74%

Blue Goose Capital Corporation

During the nine months ended September 30, 2012, the Corporation acquired 1,221,500 newly issued common shares of Blue Goose for $12,215,000. Concurrent with the Corporation's investment, Blue Goose issued shares to its non-controlling shareholders for cash and/or in consideration for asset acquisitions. On a net basis, the Corporation's investment in Blue Goose was diluted from 81% at December 31, 2011 to 76% at September 30, 2012 and accordingly, the Corporation recorded a dilution gain of $193,000 in contributed surplus.

Subsequent to September 30, 2012, the Corporation invested a further $25,000,000 to acquire 2,500,000 common shares of Blue Goose, increasing its interest to 84%.

Dundee Capital Markets Inc.

On February 1, 2012, the Corporation acquired all of Dundee Capital Markets' outstanding common shares held by non-controlling shareholders at a price of $1.125 per share by way of a court approved plan of arrangement under the Business Corporations Act (Ontario). The Corporation paid $88,033,000 in respect of the transaction. The difference between the consideration paid and the carrying value of the non-controlling interest of $83,056,000, aggregating $4,977,000, was recorded as a decrease in contributed surplus.

Nichromet Extraction Inc.

In March 2012, the Corporation acquired 2,000,000 common shares of Nichromet Extraction Inc. ("Nichromet") for $600,000 pursuant to a private transaction. Subsequently, the Corporation acquired a further 11,140,000 common shares of Nichromet from treasury at a cost of $2,228,000. The Corporation's interest in Nichromet was increased to 74% as a result of these transactions. The increase in the Corporation's interest in Nichromet resulted in a decrease to contributed surplus of $995,000.

Other Transactions

During the first nine months of 2012, the Corporation recognized a net dilution gain of $74,000 associated with changes in the equity of other subsidiaries. The dilution gain was recorded as an increase in contributed surplus.

Transactions Completed During the Nine Months Ended September 30, 2011

	Interest Owned 31-Dec-10	Effect on Contributed Surplus	Gain on Divestment of Control	Interest Owned 30-Sept-11
Dundee Capital Markets Inc.	48%	$ 253	$ -	49%
Dundee Energy Limited	54%	(278)	-	57%
Dundee Realty Corporation	70%	(74)	-	70%
DundeeWealth Inc. (note 4)	48%	-	870,828	-
Eurogas International Inc.	53%	6	-	53%
Nichromet Extraction Inc.	63%	(146)	-	69%

Dundee Capital Markets Inc.

During the nine months ended September 30, 2011, the Corporation acquired 2,000,000 shares of Dundee Capital Markets for cash of $1,900,000. The acquisition of these shares increased the Corporation's ownership in Dundee Capital Markets from 48% to 49%. The Corporation increased contributed surplus by $253,000 as a result of the acquisition, with a corresponding adjustment to non-controlling shareholders' interest in Dundee Capital Markets.

Dundee Energy Limited

On August 2, 2011, the Corporation entered into a private placement financing with Dundee Energy, pursuant to which it acquired 7,243,280 common shares of Dundee Energy from its treasury at a price of $0.83 per share. The proceeds from the private placement were used by Dundee Energy to fund the cash portion of the aggregate consideration transferred for its acquisition of Torque (note 5). In addition, the Corporation tendered its 18% interest in Torque and received a further 1,344,073 common shares of Dundee Energy. Together, these transactions increased the Corporation's ownership in Dundee Energy to 57% at September 30, 2011. The Corporation decreased contributed surplus by $278,000 as a result of these transactions and other changes in Dundee Energy's equity, with a corresponding adjustment to non-controlling shareholders' interest in Dundee Energy.

Nichromet Extraction Inc.

During the nine months ended September 30, 2011, the Corporation acquired 21,070,000 common shares of Nichromet for $2,107,000. The acquisition increased the Corporation's ownership to approximately 69% at September 30, 2011. Approximately $146,000 of the acquisition was allocated to non-controlling shareholders of Nichromet, with a corresponding decrease in contributed surplus.

Other Transactions

During the nine months ended September 30, 2011, the Corporation recognized a dilution loss of $68,000 associated with changes in the equity of certain other subsidiaries. The dilution loss was recorded as a decrease in contributed surplus.

7. CLIENT ACCOUNTS RECEIVABLE

As at	September 30, 2012	December 31, 2011
Client accounts	$ 238,499	$ 125,649
Brokers' and dealers' balances	1,446	15,543
Funds deposited into trust	165,555	88,502
Amounts receivable from carrying broker	17,751	40,832
	$ 423,251	**$ 270,526**

Funds deposited into trust represent client funds deposited and held by Dundee Capital Markets in registered accounts. These funds have been deposited with a Canadian trust company. Included in *"Client deposits and related liabilities"* (note 18) is a corresponding liability related to these deposits.

As part of the separation of capital markets activities from DundeeWealth (note 4), Dundee Capital Markets entered into an introducing and carrying broker arrangement with Fidelity Clearing Canada ("FCC"). This arrangement became effective on January 1, 2012. "Amounts receivable from carrying broker" represents non-registered client balances and other corporate funds held by the carrying broker pursuant to this arrangement.

Dundee Capital Markets continues to have an introducing and carrying broker arrangement with a subsidiary of DundeeWealth to facilitate the transition of certain business processes following the divestment of DundeeWealth (note 4). The Corporation has initiated the termination of this arrangement and it expects to conclude the contract with the subsidiary of DundeeWealth in the last quarter of 2012 or early in 2013.

8. DERIVATIVE FINANCIAL INSTRUMENTS

Risk Management Contracts

At September 30, 2012, Dundee Energy had entered into certain risk management contracts as identified in the table below. These derivative instruments are not designated in a qualifying hedge relationship and accordingly, are classified as financial instruments "at fair value through profit or loss" and are measured at fair value with changes in fair value recorded in net earnings in the period in which they occur.

Contract	Volume	Pricing Point	Strike Price CDN$/unit	Remaining Term
Fixed Price Swap - Crude oil	500 bbl/day	NYMEX	$101.20	Oct 01/12 to Dec 31/12
Fixed Price Swap - Natural Gas	7,000 mbtu/day	NYMEX	$3.84	Oct 01/12 to Dec 31/12

The Corporation has determined that the fair value of risk management contracts at September 30, 2012 resulted in an asset balance of $952,000 (December 31, 2011 – asset balance of $1,616,000). During the three months ended September 30, 2012, the Corporation incurred a loss from changes in the fair value of risk management contracts of $354,000 (three months ended September 30, 2011 – gain of $1,486,000), reducing the gain during the nine months ended September 30, 2012 to $2,413,000 (nine months ended September 30, 2011 – gain of $2,034,000).

The forecasted market prices of commodities that were used to determine the fair value of risk management contracts reflect management's best estimate at the measurement date and considers various factors. However, future market prices for commodities will vary from those used in recording the fair value of the related risk management contracts and it is possible that these variations could be material, causing volatility in the Corporation's financial results.

Embedded Derivative

The Corporation has determined that the redemption option feature of the Corporation's Preference Shares, series 1 (note 21) meets the definition of an embedded derivative, as the economic risks and characteristics of the redemption option are not closely related to that of the Preference Shares, series 1. Accordingly, the embedded redemption option has been bifurcated from the Preference Shares, series 1 and has been recognized in the consolidated financial statements as a derivative financial instrument. The Corporation has determined that at September 30, 2012, the fair value of the embedded redemption option was $4,560,000 (December 31, 2011 – $4,440,000). During the three and nine months ended September 30, 2012, the Corporation recognized a gain from changes in the fair value of these derivative financial instruments of $538,000 and $120,000 respectively (three and nine months ended September 30, 2011 – gain of $1,440,000 and $2,196,000 respectively).

9. BROKERAGE SECURITIES OWNED AND BROKERAGE SECURITIES SOLD SHORT

As at	September 30, 2012		December 31, 2011	
	Securities Owned	Securities Sold Short	Securities Owned	Securities Sold Short
Bonds	$ 18,956	$ 21,419	$ 18,092	$ 12,654
Equities	92,287	6,683	17,605	1,545
Other	920	-	1,903	-
	$ 112,163	**$ 28,102**	**$ 37,600**	**$ 14,199**

Bond maturities range from 2012 to 2037 (December 31, 2011 – from 2012 to 2111) and have annual interest yields ranging from 1% to 12% (December 31, 2011 – 0% to 12%).

From time to time, Dundee Capital Markets may sell securities that it does not own and will therefore be obligated to purchase such securities at a future date to settle its obligation. These securities have been designated as "*Securities sold short*" in these consolidated financial statements. Dundee Capital Markets may incur a loss if the market value of these securities subsequently increases.

10. INVESTMENTS

As at	September 30, 2012		December 31, 2011	
	Cost	Fair Value	Cost	Fair Value
Publicly traded securities	$ 811,493	$ 786,608	$ 1,334,785	$ 1,258,259
Private investments	215,422	229,493	125,168	133,563
Mutual funds and other short term investments	5,782	6,506	5,782	5,785
Debt securities	181,913	182,604	89,612	87,362
	$ 1,214,610	**$ 1,205,211**	**$ 1,555,347**	**$ 1,484,969**

Amounts in "Publicly traded securities" include the Corporation's interest in the Scotiabank Common Shares and the Scotiabank Preferred Shares, which the Corporation received in settlement of the Corporation's divestment of its interest in DundeeWealth (note 4). During the nine months ended September 30, 2012, the Corporation sold certain Scotiabank Common Shares and Scotiabank Preferred Shares for aggregate proceeds of $561,133,000. At September 30, 2012, the Corporation's remaining investment in Scotiabank Common Shares and Scotiabank Preferred Shares had a cost of $562,031,000 and a fair value of $541,111,000.

The Corporation recognizes changes in fair values of available-for-sale ("AFS") securities, other than changes that are determined to be impairments in fair value, in other comprehensive income ("OCI"). During the three and nine months ended September 30, 2012, the Corporation recognized a gain in OCI, net of taxes, of $46,595,000 and $55,816,000 respectively (three and nine months ended September 30, 2011 – loss of $129,844,000 and $89,945,000 respectively) in respect of its portfolio of AFS securities. Amounts transferred to net earnings in the three and nine months ended September 30, 2012 are net of recognized impairments in fair value of $16,031,000 and $36,432,000 respectively (three and nine months ended September 30, 2011 – $11,424,000 and $11,424,000 respectively).

11. EQUITY ACCOUNTED INVESTMENTS

As at		September 30, 2012		December 31, 2011	
Trade Symbol	Investment	Ownership	Carrying Value	Ownership	Carrying Value
D.UN	Dundee Real Estate Investment Trust	6%	$ 205,347	8%	$ 174,577
DPM	Dundee Precious Metals Inc.	23%	129,287	23%	125,041
DI.UN	Dundee International Real Estate Investment Trust	21%	103,271	29%	103,983
RYG	Ryan Gold Corp.	12%	4,595	12%	13,830
VOX	360 VOX Corporation	22%	5,398	23%	6,053
CRG	Corona Gold Corporation	23%	4,808	26%	5,123
ODX	Odyssey Resources Limited	31%	444	31%	569
-	Escal UGS S.L.	33%	-	33%	-
			$ 453,150		**$ 429,176**

The aggregate fair value of the Corporation's equity accounted investments, as outlined above, was $641,123,000 at September 30, 2012 (December 31, 2011 – $569,048,000).

Significant Transactions Affecting the Carrying Value of Equity Accounted Investments during the nine months ended September 30, 2012

Dundee Real Estate Investment Trust

During the first quarter of 2012, Dundee REIT issued 12,580,347 units for the acquisition of Whiterock Real Estate Investment Trust, representing aggregate equity consideration of $434,800,000. In addition, Dundee REIT issued a further 6,555,000 units pursuant to a public offering for gross proceeds of $231,719,000. The Corporation purchased 364,800 Dundee REIT units pursuant to the public offering at a cost of $12,896,000.

On June 12, 2012, Dundee REIT issued an additional 10,392,550 units pursuant to a public offering, generating gross proceeds of approximately $373,100,000. The net proceeds from the offering were used to partially fund the acquisition of Scotia Plaza, in downtown Toronto. The Corporation purchased 390,000 Dundee REIT units pursuant to the public offering at a cost of $14,000,000.

At September 30, 2012, the Corporation held a 6% interest in Dundee REIT. The Corporation continues to account for its investment in Dundee REIT on an equity basis as it is able to exert significant influence over the operations and financial results of Dundee REIT through its representation on the board of trustees of Dundee REIT, through services arrangements and through senior management representation.

Establishment of Dundee Industrial Real Estate Investment Trust ("Dundee Industrial REIT")

Dundee Industrial REIT was established in the third quarter of 2012 as an open-ended real estate investment trust focused on acquiring and owning industrial properties. On September 26, 2012, Dundee Industrial REIT announced the filing of a final prospectus for an initial public offering of units pursuant to which in October 2012, it issued 17,825,000 units, including units issued on the exercise of an over-allotment option granted to the underwriters, for gross proceeds of $178,250,000. Concurrent with the closing of the initial public offering, Dundee Industrial REIT issued 2,500,000 units at $10.00 per unit for cash proceeds of $25,000,000 pursuant to private placements. The Corporation invested $17,500,000 and acquired 1,750,000 units of Dundee Industrial REIT pursuant to these arrangements.

Subsequent to September 30, 2012, subsidiaries of Dundee REIT transferred their interest in 77 industrial properties to a subsidiary of Dundee Industrial REIT in consideration for the assumption of certain debt, the issuance of 16,034,631 units of Dundee Industrial REIT valued at approximately $160,300,000, and cash consideration of $136,300,000.

The Corporation holds, both directly and through its investment in Dundee REIT, an approximate 8% interest in Dundee Industrial REIT. The Corporation intends to account for its investment in Dundee Industrial REIT using the equity method as it is able to exert significant influence over the operations and financial results of Dundee Industrial REIT through services arrangements and through senior management representation.

Dundee International Real Estate Investment Trust
On April 17, 2012, Dundee International REIT completed the issuance of 4,600,000 units pursuant to a bought deal financing, generating proceeds of $46,460,000. On September 5, 2012, Dundee International REIT issued a further 4,420,000 units pursuant to a subsequent bought deal financing, raising gross proceeds of $46,631,000 and it issued 3,400,000 units pursuant to the settlement of debt conversion obligations. These transactions have diluted the Corporation's interest in Dundee International REIT from 29% at the end of the prior year to 21% at September 30, 2012.

Escal UGS S.L. ("Escal")
During the nine months ended September 30, 2012, Escal issued 39 par value shares for €2,000 (year ended December 31, 2011 – 99 par value shares for €5,000). To maintain its proportionate interest in Escal, the Corporation's subsidiary acquired 13 of the newly issued shares (year ended December 31, 2011 – 33) for a nominal amount (year ended December 31, 2011 – $3,000; €2,000). In addition and in order to comply with minimum equity to debt ratio requirements, the majority shareholder in Escal also contributed an issuance premium on the newly issued shares of €5,774,000 (year ended December 31, 2011 – €14,659,000) and it issued €15,400,000 (year ended December 31, 2011 – €43,300,000) in subordinated loans. The Corporation's subsidiary has not recognized the benefit of its 33% interest in the issuance premium and subordinated loans as the ultimate realization and measurement of the benefit is subject to a significant number of risks and uncertainties, including but not limited to, execution risk associated with the construction of the project, the availability and terms of future financing arrangements and the 50-year life span of the project.

Escal has established a hedging strategy to mitigate its exposure to interest rate risk associated with its project financing agreement. At September 30, 2012, the fair value of Escal's obligations in respect of these hedging strategies was approximately €89,026,000 (year ended December 31, 2011 – €74,790,000). Recognition of these losses draws the Corporation's carrying value in Escal to zero. At September 30, 2012, the Corporation had not recorded a liability of $31,752,000 (year ended December 31, 2011 – $27,108,000) related to additional losses incurred by Escal, as it does not have the legal or constructive obligation in respect thereof.

Impairment of Resource Properties by Ryan Gold Corp. ("Ryan Gold")
During the third quarter of 2012, Ryan Gold completed an impairment analysis in respect of certain of its resource properties. Ryan Gold determined that in the present market conditions, the carrying value of its resource properties exceed their recoverable amount. Accordingly, Ryan Gold recognized an impairment loss of $127,000,000. The Corporation's share of this impairment loss has been included in net earnings as *"share of earnings from equity accounted investments"*.

Significant Transactions Affecting the Carrying Value of Equity Accounted Investments during the nine months ended September 30, 2011

Breakwater Resources Ltd. ("Breakwater")
On August 31, 2011, Nyrstar NV ("Nyrstar") completed the acquisition of Breakwater. Under the terms of the acquisition, shareholders of Breakwater received $7.00 in cash per common share and a special dividend of $0.50 per common share. The Corporation received total proceeds of $155,020,000 pursuant to these arrangements, including a special dividend of $10,335,000. Included in net earnings during the nine months ended September 30, 2011 is a pre-tax gain on disposal of the Corporation's interest in Breakwater of $95,561,000.

Dundee Real Estate Investment Trust

During the nine months ended September 30, 2011, Dundee REIT issued approximately 15,145,500 units pursuant to public offerings for gross proceeds of $485,564,000. The Corporation purchased an aggregate of 763,000 units pursuant to these offerings.

Dundee International Real Estate Investment Trust

On August 3, 2011, Dundee International REIT completed an initial public offering pursuant to which it raised gross proceeds of approximately $410,000,000, including $270,000,000 on the issuance of units of Dundee International REIT at an initial price of $10.00 per unit and $140,000,000 in debentures. The Corporation and Dundee Realty purchased 12,000,000 units pursuant to the initial public offering.

In addition to the Corporation's subscription pursuant to the initial public offering, and in support of Dundee International REIT's execution of a term loan credit facility led by a syndicate of European banks (the "International REIT Credit Facility"), the Corporation has entered into a sub-participation agreement with a Canadian chartered bank (the "Canadian Bank") pursuant to which the Corporation agreed to participate in the Canadian Bank's participation in the International REIT Credit Facility. Under the terms of the sub-participation agreement with the Canadian Bank, the Corporation will be entitled to receive and recover from the Canadian Bank its proportionate share of all repayments of principal and interest paid to the Canadian Bank under the Canadian Bank's entitlement in the International REIT Credit Facility. At September 30, 2012, amounts owing to the Corporation in respect of these arrangements were approximately €28,900,000.

Ryan Gold Corp.

On May 12, 2011, Ryan Gold announced that it had closed a bought deal financing of 15,000,000 units at a price of $2.00 per unit and 9,900,000 flow-through shares at a price of $2.25 per share for gross proceeds of $52,300,000. Each unit was comprised of a common share and a half common share purchase warrant. Dundee Corporation purchased 4,400,000 flow-through shares for $10,000,000 pursuant to the offering.

Share of Earnings from Equity Accounted Investments

During the three and nine months ended September 30, 2012, the Corporation's share of earnings from equity accounted investments, including its share of earnings from real estate joint venture investments (note 12), was $3,304,000 and $25,671,000 respectively (three and nine months ended September 30, 2011 – $15,428,000 and $44,760,000 respectively).

	For the three months ended		For the nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Dundee Real Estate Investment Trust	$ 5,454	$ 4,860	$ 13,779	$ 14,903
Dundee Precious Metals Inc.	5,065	11,192	11,730	17,095
Dundee International Real Estate Investment Trust	3,518	806	10,726	806
Ryan Gold Corp.	(8,827)	(1,017)	(9,235)	(1,552)
360 VOX Corporation	(268)	-	(843)	-
Corona Gold Corporation	(64)	(90)	251	81
Odyssey Resources Limited	(63)	(2)	(126)	(88)
Escal UGS S.L.	-	(14)	-	(12)
Breakwater Resources Ltd.	-	-	-	13,372
	4,815	15,735	26,282	44,605
Real estate joint venture investments	(1,511)	(307)	(611)	155
	$ 3,304	**$ 15,428**	**$ 25,671**	**$ 44,760**

12. REAL ESTATE JOINT VENTURE INVESTMENTS

Dundee Realty has entered into certain real estate joint venture arrangements, primarily for the development of investment and recreational properties and for renewable energy project management. These arrangements are accounted for on an equity basis. At September 30, 2012, the carrying value of these joint venture investments was $56,482,000 (December 31, 2011 – $47,917,000). During the three and nine months ended September 30, 2012, Dundee Realty incurred a loss in respect of these investments of $1,511,000 and $611,000 respectively (three and nine months ended September 30, 2011 – loss of $307,000 and gain of $155,000 respectively).

13. REAL ESTATE ASSETS

	Inventory	Investment Properties	Income-Producing Properties	TOTAL
Balance, December 31, 2010	$ 349,505	$ 34,280	$ 25,141	$ 408,926
Nine months ended September 30, 2011				
Additions	12,548	1,604	631	14,783
Cost of development	133,416	-	-	133,416
Cost of sales	(116,365)	-	-	(116,365)
Fair value changes in investment properties	-	1,794	-	1,794
Depreciation	-	-	(1,610)	(1,610)
Other	(3,863)	(6)	73	(3,796)
Balance, September 30, 2011	375,241	37,672	24,235	437,148
From October 1, 2011 to December 31, 2011				
Additions	474	187	726	1,387
Cost of development	84,265	-	-	84,265
Cost of sales	(82,896)	-	-	(82,896)
Fair value changes in investment properties	-	2,019	-	2,019
Depreciation	-	-	(563)	(563)
Other	2,984	(2)	263	3,245
Balance, December 31, 2011	380,068	39,876	24,661	444,605
Nine months ended September 30, 2012				
Additions	130,847	613	1,305	132,765
Cost of development	169,838	-	-	169,838
Cost of sales	(184,419)	-	-	(184,419)
Fair value changes in investment properties	-	6,227	-	6,227
Depreciation	-	-	(1,828)	(1,828)
Other	(1,945)	(6)	(603)	(2,554)
Balance, September 30, 2012	$ 494,389	$ 46,710	$ 23,535	$ 564,634

During the three and nine months ended September 30, 2012, the Corporation recognized a gain from changes in the fair value of investment properties of $652,000 and $6,227,000 respectively (three and nine months ended September 30, 2011 – $502,000 and $1,794,000 respectively).

14. RESOURCE PROPERTIES

	Property, Plant and Equipment					*Exploration and Evaluation*	
	Oil and Gas Development Costs	Pipeline Infrastructure	Machinery and Equipment	Land and Buildings	Other	Undeveloped Properties	TOTAL
At December 31, 2010							
Cost	$ 107,172	$ 23,408	$ 21,662	$ 4,525	$ 6,975	$ 6,780	$ 170,523
Accumulated depreciation and depletion	(5,194)	(926)	(554)	(12)	(673)	-	(7,360)
Net carrying value, December 31, 2010	101,978	22,482	21,108	4,513	6,302	6,780	163,163
Nine months ended September 30, 2011							
Carrying value December 31, 2010	101,978	22,482	21,108	4,513	6,302	6,780	163,163
Acquisitions (note 5)	6,948	-	1,166	55	4	1,903	10,076
Net additions	2,681	1,703	2,075	-	(3,913)	4,941	7,487
Remeasure decommissioning liability (note 20)	6,568	-	-	-	-	-	6,568
Depreciation and depletion	(8,518)	(1,503)	(955)	(18)	(102)	-	(11,096)
Net carrying value, September 30, 2011	109,657	22,682	23,394	4,550	2,291	13,624	176,198
At September 30, 2011							
Cost	123,369	25,111	24,903	4,580	3,066	13,624	194,653
Accumulated depreciation and depletion	(13,712)	(2,429)	(1,509)	(30)	(775)	-	(18,455)
Net carrying value, September 30, 2011	109,657	22,682	23,394	4,550	2,291	13,624	176,198
From October 1, 2011 to December 31, 2011							
Carrying value September 30, 2011	109,657	22,682	23,394	4,550	2,291	13,624	176,198
Net additions	3,187	206	145	-	49	2,630	6,217
Remeasure decommissioning liability (note 20)	3,614	-	-	-	-	-	3,614
Depreciation and depletion	(3,427)	(530)	(333)	(7)	(42)	-	(4,339)
Net carrying value, December 31, 2011	113,031	22,358	23,206	4,543	2,298	16,254	181,690
At December 31, 2011							
Cost	130,170	25,317	25,048	4,580	3,115	16,254	204,484
Accumulated depreciation and depletion	(17,139)	(2,959)	(1,842)	(37)	(817)	-	(22,794)
Net carrying value, December 31, 2011	113,031	22,358	23,206	4,543	2,298	16,254	181,690
Nine months ended September 30, 2012							
Carrying value December 31, 2011	113,031	22,358	23,206	4,543	2,298	16,254	181,690
Net additions	2,198	285	2,884	-	(26)	8,332	13,673
Remeasure decommissioning liability (note 20)	1,917	-	-	-	-	-	1,917
Depreciation and depletion	(8,791)	(1,315)	(998)	(19)	(91)	-	(11,214)
Net carrying value, September 30, 2012	108,355	21,328	25,092	4,524	2,181	24,586	186,066
At September 30, 2012							
Cost	134,285	25,602	27,932	4,580	3,089	24,586	220,074
Accumulated depreciation and depletion	(25,930)	(4,274)	(2,840)	(56)	(908)	-	(34,008)
Net carrying value, September 30, 2012	$ 108,355	$ 21,328	$ 25,092	$ 4,524	$ 2,181	$ 24,586	$ 186,066

15. LIVESTOCK

During the nine months ended September 30, 2012, changes in the Corporation's livestock, including biological assets and associated inventory, were as follows:

	Inventory	Biological Assets	TOTAL
From October 1, 2011 to December 31, 2011			
Acquisitions and additions	$ 610	$ 4,161	$ 4,771
Balance, December 31, 2011	610	4,161	4,771
Nine months ended September 30, 2012			
Acquisitions and net additions	4,307	2,365	6,672
Fair value changes	-	1,668	1,668
Balance, September 30, 2012	$ 4,917	$ 8,194	$ 13,111

16. CAPITAL AND OTHER ASSETS

	Capital Assets				Intangible Assets		
	Furniture and Fixtures	Computer and Network Equipment	Land	Other	Trademarks	Other Intangible Assets	TOTAL
At December 31, 2010							
Cost	$ 5,176	$ 4,236	$ 1,647	$ 12,890	$ 13,279	$ 17,872	$ 55,101
Accumulated depreciation and depletion	(4,387)	(3,850)	-	(5,525)	(3,585)	-	(17,348)
Net carrying value, December 31, 2010	789	386	1,647	7,365	9,694	17,872	37,753
Nine months ended September 30, 2011							
Carrying value December 31, 2010	789	386	1,647	7,365	9,694	17,872	37,753
Net additions	75	184	(506)	559	402	3,815	4,529
Depreciation and depletion	(272)	(232)	-	(816)	(677)	(436)	(2,433)
Net carrying value, September 30, 2011	592	338	1,141	7,108	9,419	21,251	39,849
At September 30, 2011							
Cost	5,251	4,420	1,141	13,449	13,681	21,687	59,629
Accumulated depreciation and depletion	(4,659)	(4,082)	-	(6,341)	(4,262)	(436)	(19,780)
Net carrying value, September 30, 2011	592	338	1,141	7,108	9,419	21,251	39,849
From October 1, 2011 to December 31, 2011							
Carrying value September 30, 2011	592	338	1,141	7,108	9,419	21,251	39,849
Acquisitions (note 5)	38	-	6,416	500	-	4,518	11,472
Net additions	717	138	353	1,901	214	877	4,200
Depreciation and depletion	(163)	(64)	-	(1,420)	(230)	(979)	(2,856)
Net carrying value, December 31, 2011	1,184	412	7,910	8,089	9,403	25,667	52,665
At December 31, 2011							
Cost	6,006	4,558	7,910	15,850	13,895	27,082	75,301
Accumulated depreciation and depletion	(4,822)	(4,146)	-	(7,761)	(4,492)	(1,415)	(22,636)
Net carrying value, December 31, 2011	1,184	412	7,910	8,089	9,403	25,667	52,665
Nine months ended September 30, 2012							
Carrying value December 31, 2011	1,184	412	7,910	8,089	9,403	25,667	52,665
Net additions	(122)	410	20,786	5,675	377	4,615	31,741
Depreciation and depletion	(199)	(259)	(123)	(1,609)	(703)	(640)	(3,533)
Net carrying value, September 30, 2012	863	563	28,573	12,155	9,077	29,642	80,873
At September 30, 2012							
Cost	5,884	4,968	28,696	21,525	14,272	31,697	107,042
Accumulated depreciation and depletion	(5,021)	(4,405)	(123)	(9,370)	(5,195)	(2,055)	(26,169)
Net carrying value, September 30, 2012	$ 863	$ 563	$ 28,573	$ 12,155	$ 9,077	$ 29,642	$ 80,873

17. BANK INDEBTEDNESS

From time to time, Dundee Capital Markets may utilize call loan arrangements to facilitate the securities settlement process for both client and principal securities transactions, or to fund margin lending. In connection with the establishment of an introducing and carrying broker arrangement with a third-party service provider on January 1, 2012, Dundee Capital Markets arranged for an uncommitted call loan facility for up to $75 million. At September 30, 2012, December 31, 2011 and September 30, 2011, there were no amounts drawn pursuant to call loan facilities available to the brokerage subsidiary.

Interest rates on amounts drawn during the first nine months of 2012 were 1.5% on Canadian dollar denominated borrowings and ranged from 0.5% to 1.0% on borrowings denominated in U.S. dollars.

18. CLIENT DEPOSITS AND RELATED LIABILITIES

As at		September 30, 2012		December 31, 2011
Client accounts	$	443,856	$	303,817
Brokers' and dealers' balances		40,140		17,007
International banking client accounts		6,775		9,127
	$	**490,771**	**$**	**329,951**

19. CORPORATE DEBT

At September 30, 2012 and December 31, 2011, the fair value of corporate debt approximated its carrying value.

As at		September 30, 2012		December 31, 2011
Corporate				
$225 million revolving term credit facility due November 11, 2012	$	-	$	224,265
$25 million fixed term credit facility due June 29, 2012		-		42,800
$7.1 million, 5.85% exchangeable unsecured subordinated debentures due June 30, 2015		8,915		9,883
Subsidiaries				
$70 million demand revolving credit facility, Dundee Energy		62,711		59,191
$3.8 million demand revolving credit facilities, Blue Goose		2,991		-
$14.8 million advance loan facility, Blue Goose, due July 1, 2017		14,830		-
$190 million revolving term credit facility, Dundee Realty, due November 30, 2013		91,000		88,000
Other real estate debt		196,085		122,458
	$	**376,532**	**$**	**546,597**

$225,000,000 Revolving Term Credit Facility

On October 21, 2011, the Corporation established a $225 million revolving term credit facility with a Canadian Schedule I Chartered Bank which matures on November 11, 2012. Borrowings under the credit facility bear interest at a rate per annum equal to the bank’s prime lending rate for loans plus 0.75% or, at the Corporation’s option, at the prevailing bankers’ acceptance or London Inter-Bank Offer Rate plus 1.75%. Unused amounts available under the facility are subject to an annual standby fee of 0.39375%.

Draws against the revolving term credit facility are contingent on, among other things, the pledge of certain of the Corporation’s investments. The facility is subject to certain other covenants, including the maintenance of certain financial ratios and restrictions on the existence of other secured indebtedness, restrictions on the redemption, purchase or repayment of the Corporation’s outstanding exchangeable debentures (see below), and restrictions on the prepayment and payment of interest on these exchangeable debentures.

There were no amounts drawn against this credit facility at September 30, 2012. During the three and nine months ended September 30, 2012, interest expense relating to the Corporation’s revolving term credit facility, including standby fees and other similar costs, was $759,000 and $4,867,000 respectively (three and nine months ended September 30, 2011 – $2,472,000 and $3,409,000 respectively).

Subsequent to September 30, 2012, the maturity date of the Corporation’s $225 million revolving term credit facility was extended to January 11, 2013.

$25,000,000 Fixed Term Credit Facility

During the second quarter of 2012, the Corporation fully repaid amounts owing pursuant to a fixed term credit facility provided to the Corporation to facilitate the Corporation’s substantial issuer bid completed in October 2011 (note 22).

Included in net earnings for the nine months ended September 30, 2012 is $509,000 of interest expense incurred by the Corporation prior to extinguishing this credit facility.

$7,138,000, 5.85% Exchangeable Unsecured Subordinated Debentures

At September 30, 2012, the Corporation had 7,138 outstanding exchangeable unsecured subordinated debentures with a par value per debenture of $1,000. The exchangeable debentures mature on June 30, 2015 and bear interest at 5.85% per annum, payable semi-annually on June 30 and December 31 of each year. Each exchangeable debenture may be exchanged, at the option of the holder for 33.6134 units of Dundee REIT, representing a conversion price of $29.75 per Dundee REIT unit.

During the nine months ended September 30, 2012, an aggregate of $2,044,000 of exchangeable debentures were surrendered for exchange and the Corporation delivered 68,700 units of Dundee REIT in settlement thereof.

The carrying value of the exchangeable debentures is adjusted in the Corporation's consolidated financial statements to reflect the fair value of the embedded exchange feature, provided that such adjustment does not result in a carrying value that is below the principal value of the exchangeable debentures outstanding. The fair value of the exchange feature is determined using a valuation model that recognizes both the debt and exchange feature of the debentures and is based on the premise that each of these components have different default risks. Changes in the fair value of the exchange feature are recorded in net earnings. Based on this valuation model, the Corporation determined that the value of the exchangeable debentures at September 30, 2012 was $9,026,000.

$70,000,000 Demand Revolving Credit Facility, Dundee Energy Limited

Dundee Energy Limited Partnership ("DELP"), a subsidiary of Dundee Energy, has established a $70 million (December 31, 2011 – $80 million) credit facility with certain Canadian chartered banks. The credit facility provides the subsidiary with a revolving demand loan, subject to a tiered interest rate structure based on its net debt to cash flow ratio, as defined in the credit facility. Based on current ratios, draws on the credit facility bear interest, at the option of the subsidiary, at either the bank's prime lending rate plus 3.0% for loans or letters of credit, or, for bankers' acceptances, at the bank's then prevailing bankers' acceptance rate plus 4.0%. The subsidiary is also subject to a standby fee of 0.55% on unused amounts under the credit facility. During the three and nine months ended September 30, 2012, interest expense relating to this credit facility, including standby fees and other similar costs, was $1,092,000 and $2,765,000 respectively (three and nine months ended September 30, 2011 – $814,000 and $2,676,000 respectively). At September 30, 2012, the subsidiary had drawn $66,470,000 pursuant to the credit facility, including a letter of credit for $3,270,000.

The credit facility is secured against all of the oil and natural gas properties owned by DELP. In addition, Dundee Energy has assigned a limited recourse guarantee of its units in the subsidiary as further security pursuant to the credit facility. The credit facility is subject to certain covenants, including the maintenance of minimum levels of working capital. At September 30, 2012, Dundee Energy was in compliance with all such covenants.

$3,750,000 Demand Revolving Credit Facilities, Agricultural Subsidiaries of Blue Goose

Certain wholly-owned subsidiaries of Blue Goose have entered into demand revolving credit facilities in the aggregate amount of $3,750,000 with a Canadian chartered bank. Borrowings under these arrangements bear interest at a rate per annum ranging from the bank's prime lending rate for loans plus 0.50% to 1.50%. The facilities are secured by a general security agreement against all of the assets of the subsidiaries and are guaranteed by Blue Goose. At September 30, 2012, an aggregate of $2,991,000 had been drawn against these facilities. During the three and nine months ended September 30, 2012, interest expense incurred in respect of these facilities was $19,000 and $27,000 respectively.

$14,750,000 Advance Loan Facility, Blue Goose Capital Corporation

Blue Goose has entered into a $14.8 million advance loan facility, maturing on July 1, 2017, with a Canadian financial institution and leading lender to the agriculture industry. Amounts borrowed pursuant to the credit facility are subject to variable interest rates with a weighted average rate of 4.2% at September 30, 2012. The facility is secured by a first charge mortgage against various real estate assets held by Blue Goose and by certain wholly-owned subsidiaries of Blue Goose, some of which have also provided guarantees in respect of amounts borrowed pursuant to the facility. At September 30, 2012, Blue Goose had drawn $14,748,000 pursuant to these arrangements. During the three and nine months ended September 30, 2012, interest expense incurred in respect of this credit facility was $123,000 and $172,000 respectively, and includes $34,000 capitalized to certain agricultural assets. The same leading lender also provided an amount of $82,000 to finance the acquisition of equipment.

$190,000,000 Revolving Term Credit Facility, Dundee Realty Corporation

Dundee Realty has established a revolving term credit facility available up to a formula based maximum not to exceed $190 million with a Canadian Schedule I Chartered Bank. The facility bears interest, at Dundee Realty's option, at a rate per annum equal to either the bank's prime lending rate plus 1.25%, or at the bank's then prevailing bankers' acceptance rate plus 2.50%. The facility was renewed on February 1, 2012 and expires on November 30, 2013. The facility is secured by a general security agreement and a first charge against various real estate assets in western Canada. Interest expense relating to this revolving term credit facility during the three and nine months ended September 30, 2012 was $791,000 and $2,751,000 respectively (three and nine months ended September 30, 2011 – $976,000 and $3,102,000 respectively).

At September 30, 2012, Dundee Realty had drawn $91,000,000 against this facility and it had issued letters of credit of $87,233,000.

Other Real Estate Debt

Other real estate debt is secured by charges on specific properties to which the debt relates. Mortgages, including land mortgages, are secured by charges on specific properties. Housing advances are secured by charges on specific land under development, housing and condominiums under development, or land held for development. Term debt is secured by charges on specific capital equipment. At September 30, 2012, the weighted average interest rate on fixed rate debt at Dundee Realty, aggregating $85,420,000, was 5.80%. The remaining real estate debt, including Dundee Realty's demand revolving term credit facilities, is subject to variable interest rates with a weighted average rate at September 30, 2012 of 3.78%. Fixed rate debt matures between 2012 and 2016. Variable rate debt, including the revolving term credit facility, matures between 2012 and 2018.

During the three and nine months ended September 30, 2012, Dundee Realty capitalized interest of $858,000 and $2,434,000 respectively (three and nine months ended September 30, 2011 – $1,793,000 and $2,945,000 respectively), including interest incurred on its revolving term credit facility and on other real estate debt, to the carrying value of certain real estate assets.

20. DECOMMISSIONING LIABILITIES

The carrying value of the Corporation's decommissioning liabilities is comprised of the expected future abandonment and site restoration costs associated with resource properties. The Corporation has estimated its abandonment and reclamation costs based on the Corporation's net ownership in these assets, the estimated cost to abandon and reclaim these properties, including the associated facilities, and the estimated timing of the costs to be incurred in future periods.

	As at and for the nine months ended September 30, 2012	As at and for the year ended December 31, 2011
Undiscounted future obligations, beginning of period	$ 84,686	$ 81,578
Acquisition (note 5)	-	4,621
Effect of changes in estimates	134	(63)
Liabilities settled (reclamation expenditures)	(1,965)	(1,450)
Undiscounted future obligations, end of period	$ 82,855	$ 84,686

Changes in estimates recognized during the nine months ended September 30, 2012 reflect the impact of inflation to the timing of abandonment and restoration costs related to certain land and buildings used in production.

The following table reconciles the Corporation's decommissioning liabilities on a discounted basis.

	As at and for the nine months ended September 30, 2012		As at and for the year ended December 31, 2011	
Discount rates applied to future obligations		*1.10% - 2.24%*		*0.95% - 2.42%*
Inflation rate		*2.00%*		*2.00%*
Discounted future obligations, beginning of period	$	45,234	$	33,391
Acquisition (note 5)		-		2,169
Effect of changes in estimates and				
remeasurement of discount and foreign exchange rates		2,011		10,076
Liabilities settled (reclamation expenditures)		(1,965)		(1,450)
Accretion		712		1,048
Discounted future obligations, end of period	$	45,992	$	45,234

21. PREFERENCE SHARES

The terms of the Corporation's preference shares are summarized in note 23 to the Corporation's 2011 Audited Consolidated Financial Statements.

Issued and Outstanding First Preference Shares, Series 1 ("Preference Shares, series 1")

	Number of Shares		Par Value		Issue Costs		Premium		Carrying Value
Balance as at December 31, 2010	6,000,000	$	150,000	$	(2,608)	$	680	$	148,072
Amortization for the nine months									
ended September 30, 2011	-		-		356		(93)		263
Balance as at September 30, 2011	6,000,000		150,000		(2,252)		587		148,335
Amortization for the period from									
October 1, 2011 to December 31, 2011	-		-		118		(30)		88
Balance as at December 31, 2011	6,000,000		150,000		(2,134)		557		148,423
Amortization for the nine months									
ended September 30, 2012	-		-		356		(93)		263
Balance as at September 30, 2012	6,000,000	$	150,000	$	(1,778)	$	464	$	148,686

Issued and Outstanding First Preference Shares, Series 2 ("Preference Shares, series 2")

	Number of Shares		Par Value		Issue Costs		Carrying Value
Balance as at September 30, 2012 and December 31, 2011	5,200,000	$	130,000	$	(2,932)	$	127,068

22. SHARE CAPITAL

The terms of the Corporation's Class A subordinate voting shares ("Subordinate Shares") and Class B common shares ("Class B Shares"), and significant transactions in respect thereof during the year ended December 31, 2011, are summarized in note 24 to the Corporation's 2011 Audited Consolidated Financial Statements.

Issued and Outstanding

	SUBORDINATE SHARES		CLASS B SHARES		TOTAL	
	Number	Amount	Number	Amount	Number	Amount
Outstanding December 31, 2010	67,545,747	$ 265,249	3,119,269	$ 8,165	70,665,016	$ 273,414
Transactions during the nine months ended September 30, 2011						
Redeemed pursuant to normal course issuer bid	(5,826,148)	(23,222)	-	-	(5,826,148)	(23,222)
Issuance of shares under the share incentive plan	4,500	105	-	-	4,500	105
Options exercised	3,000	32	-	-	3,000	32
Conversion from Class B Shares to Subordinate Shares	2,305	6	(2,305)	(6)	-	-
Outstanding September 30, 2011	**61,729,404**	**242,170**	**3,116,964**	**8,159**	**64,846,368**	**250,329**
Transactions during the period from October 1, 2011 to December 31, 2011						
Redeemed pursuant to substantial issuer bid	(10,000,000)	(39,866)	-	-	(10,000,000)	(39,866)
Issuance of shares under the share incentive plan	1,493	35	-	-	1,493	35
Options exercised	5,000	75	-	-	5,000	75
Conversion from Class B Shares to Subordinate Shares	127	-	(127)	-	-	-
Outstanding December 31, 2011	**51,736,024**	**202,414**	**3,116,837**	**8,159**	**54,852,861**	**210,573**
Transactions during the nine months ended September 30, 2012						
Redeemed pursuant to normal course issuer bid	(234,400)	(936)	-	-	(234,400)	(936)
Issuance of shares under the share incentive plan	4,487	105	-	-	4,487	105
Options exercised	117,000	701	-	-	117,000	701
Conversion from Class B Shares to Subordinate Shares	489	1	(489)	(1)	-	-
Outstanding September 30, 2012	**51,623,600**	**$ 202,285**	**3,116,348**	**$ 8,158**	**54,739,948**	**$ 210,443**

Normal Course Issuer Bid

On March 29, 2012, the Corporation announced that it had received regulatory approval for the renewal of its normal course issuer bid from April 1, 2012 to March 31, 2013. Subject to certain conditions, the Corporation may purchase up to a maximum of 2,789,554 Subordinate Shares pursuant to these arrangements, representing approximately 10% of its public float at the time approval for the normal course issuer bid was granted.

During the nine months ended September 30, 2012, the Corporation purchased 234,400 Subordinate Shares, having an aggregate stated capital value of $936,000, for cancellation pursuant to these arrangements. The Corporation paid $5,225,000 to retire these shares. The excess of the purchase price over the value of stated capital, which totalled $4,289,000 was reported as a reduction of retained earnings.

Share Purchase Plan

As part of its share incentive arrangements, the Corporation established a share purchase plan pursuant to which eligible participants may contribute up to a specified maximum amount of their basic annual salary towards the purchase of Subordinate Shares of the Corporation, either from treasury or in the open market, at the discretion of the Corporation. Compensation expense associated with the share purchase plan during the three and nine months ended September 30, 2012 was $174,000 and $477,000 respectively (three and nine months ended September 30, 2011 – $131,000 and $390,000 respectively).

During the nine months ended September 30, 2012, the Corporation issued 4,487 Subordinate Shares for $105,000 (nine months ended September 30, 2011 – 4,500 Subordinate Shares for $105,000) from treasury pursuant to the share purchase plan, with the balance of the amounts contributed to the share purchase plan being used to purchase shares in the open market.

23. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

	Net unrealized (loss) gains, net of taxes					
	Available-for-Sale Securities	Equity Accounted Investments	Foreign Currency Translation	Non-controlling Interest	Discontinued Operations	Total
Balance at December 31, 2010	$ 65,466	$ 7,454	$ (1,310)	$ 1,433	$ 17,152	$ 90,195
Transactions during the nine months ended September 30, 2011						
Other comprehensive (loss) income	(89,945)	(7,826)	63	2,338	(17,152)	(112,522)
Balance at September 30, 2011	(24,479)	(372)	(1,247)	3,771	-	(22,327)
Transactions during the period from October 1, 2011 to December 31, 2011						
Other comprehensive (loss) income	(41,314)	(3,802)	427	(128)	-	(44,817)
Balance at December 31, 2011	(65,793)	(4,174)	(820)	3,643	-	(67,144)
Transactions during the nine months ended September 30, 2012						
Other comprehensive income (loss)	55,816	(8,475)	(1,088)	314	-	46,567
Balance at September 30, 2012	**$ (9,977)**	**$ (12,649)**	**$ (1,908)**	**$ 3,957**	**$ -**	**$ (20,577)**

24. NON-CONTROLLING INTEREST

As at	September 30, 2012	December 31, 2011
Non-controlling interest in:		
Dundee Realty Corporation	$ 97,591	$ 88,817
Dundee Capital Markets Inc. (note 6)	-	83,056
Dundee Energy Limited	30,633	31,906
Blue Goose Capital Corporation	7,757	2,837
Other	4,353	4,859
	$ 140,334	**$ 211,475**

25. REVENUES

	For the three months ended		For the nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Management fees	$ 10,883	$ 14,842	$ 44,524	$ 35,724
Financial services	19,664	16,392	70,569	74,007
Real estate	119,450	84,252	290,906	194,917
Oil and gas, net of royalties	7,359	8,757	22,976	26,359
Agriculture	2,356	-	5,488	-
Interest and dividends	13,833	13,784	41,589	46,531
	$ 173,545	**$ 138,027**	**$ 476,052**	**$ 377,538**

26. COST OF SALES

	For the three months ended		For the nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Variable compensation	$ 11,570	$ 10,099	$ 41,145	$ 43,260
Real estate expenses	86,450	62,251	218,626	146,678
Oil and gas expenses	3,876	4,757	10,056	10,709
Agriculture expenses	1,103	-	3,867	-
	$ 102,999	**$ 77,107**	**$ 273,694**	**$ 200,647**

27. SHARE INCENTIVE PLAN ARRANGEMENTS

The terms of the Corporation's share based compensation plans are summarized in note 29 to the Corporation's 2011 Audited Consolidated Financial Statements.

Share Based Compensation

During the three and nine months ended September 30, 2012, the Corporation recognized share based compensation expense of $578,000 and $1,775,000 respectively (three and nine months ended September 30, 2011 – $563,000 and $1,671,000 respectively) related to share incentive arrangements, before similar arrangements of its subsidiaries, as described in the following table.

	For the three months ended		For the nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Share option plan	$ 270	$ 266	$ 805	$ 789
Deferred share unit plan	308	297	970	882
	$ 578	**$ 563**	**$ 1,775**	**$ 1,671**

Share Option Plan

There were no share option awards granted in the nine months ended September 30, 2012 and the year ended December 31, 2011. A summary of the status of the Corporation's share option plan as at September 30, 2012 and December 31, 2011, and the changes during the nine months and the year then ended, is as follows:

	Nine months ended September 30, 2012		Year ended December 31, 2011	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,402,000	$9.09	1,533,000	$8.72
Exercised	(117,000)	$5.58	(131,000)	$4.80
Outstanding, end of period	**1,285,000**	**$9.40**	**1,402,000**	**$9.09**
Exercisable options	759,000	$9.40	613,000	$8.67

Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Options Exercisable
Options issued with an exercise price of $9.40	1,265,000	2.37	749,000
Options issued with an exercise price of $9.67	20,000	2.37	10,000

Deferred Share Unit Plan

During the nine months ended September 30, 2012, the Corporation issued 132,847 (nine months ended September 30, 2011 – 252,833) deferred share units ("DSUs") to certain employees and directors of the Corporation, each DSU entitling the holder thereof to a Subordinate Share on retirement. In August 2012, the Corporation paid $1,099,000 to redeem 49,843 DSUs following the resignation of a director of the Corporation. At September 30, 2012, there were 1,199,353 (December 31, 2011 – 1,116,349) DSUs outstanding.

Share Incentive Plan of Dundee Energy

Dundee Energy has established a share incentive plan for its directors, officers and employees. As at September 30, 2012, Dundee Energy had 3,815,000 share options outstanding (December 31, 2011 – 5,665,000) at a weighted average exercise price of $0.77 (December 31, 2011 – $0.92), of which 2,476,664 share options were exercisable at September 30, 2012 (December 31, 2011 – 4,593,332). Dundee Energy also has a deferred share unit plan pursuant to which, at September 30, 2012, there were 745,463 (December 31, 2011 – 603,830) DSUs outstanding.

During the three and nine months ended September 30, 2012, compensation expense of $119,000 and $385,000 respectively (three and nine months ended September 30, 2011 – $245,000 and $728,000 respectively) was recognized in respect of Dundee Energy's share option and deferred share unit arrangements.

Share Based Compensation of Other Subsidiaries

From time to time, other subsidiaries of the Corporation may incur share based compensation expense pursuant to their respective share incentive plan arrangements. During the nine months ended September 30, 2012, other subsidiaries incurred share based compensation expense of $224,000 (nine months ended September 30, 2011 – $5,000).

28. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

	For the three months ended		For the nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Salary and salary-related	$ 16,526	$ 14,978	$ 55,054	$ 61,438
Corporate and professional fees	7,003	5,819	22,635	18,754
General office	10,198	11,858	28,284	25,296
Capitalized expenditures	(3,027)	(3,315)	(9,525)	(10,111)
Expense recoveries	(720)	(662)	(1,737)	(1,765)
Other	1,195	(780)	4,216	3,860
	$ 31,175	$ 27,898	$ 98,927	$ 97,472

29. INCOME TAXES

During the three and nine months ended September 30, 2012, the Corporation recognized an income tax expense amount on earnings from continuing operations of $3,572,000 and $29,147,000 respectively (three and nine months ended September 30, 2011 – $29,977,000 and $47,998,000 respectively). The major components of income tax expense include the following items:

	For the three months ended		For the nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Current income taxes	$ 39,783	$ 5,359	$ 54,934	$ 20,548
Deferred income taxes	(36,211)	24,618	(25,787)	27,450
Total income taxes	**$ 3,572**	**$ 29,977**	**$ 29,147**	**$ 47,998**

The income tax expense amount on pre-tax earnings from continuing operations differs from the income tax expense amount that would arise using the combined Canadian federal and provincial statutory tax rate of 26% (September 30, 2011 – 28%), as a result of the following items:

	For the three months ended		For the nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Earnings before tax at statutory rate of 26% (September 30, 2011 – 28%)	$ 357	$ 34,447	$ 14,306	$ 51,406
Effect on taxes of:				
Non-deductible expenses	4,289	762	9,659	2,757
Non-taxable revenue	(2,617)	(7,277)	(8,638)	(16,126)
Change in substantively enacted income tax rates	-	-	6,811	-
Remeasurement of deferred income taxes	(371)	(1,979)	(148)	(2,567)
Net income tax not previously recognized	185	38	293	2,738
Net Part IV tax, net of dividend refund of $1,356 and $4,069 (September 30, 2011 – $625 and $3,338)	893	3,808	4,846	9,763
Change in unrecognized temporary differences	562	263	1,732	651
Other differences	274	(85)	286	(624)
Income tax expense	**$ 3,572**	**$ 29,977**	**$ 29,147**	**$ 47,998**

Significant components of the Corporation's deferred income tax assets and liabilities are as follows:

As at	September 30, 2012	December 31, 2011
Deferred income tax assets		
Loss carry forwards	$ 12,632	$ 17,033
Capital and other assets	898	1,667
Non-deductible reserves	1,160	847
Accrued liabilities	6,288	1,778
Other	10,402	9,819
Total deferred income tax assets	31,380	31,144
Deferred income tax liabilities		
Investments including equity accounted investments	(106,942)	(144,055)
Real estate assets	(50,518)	(39,068)
Other	(21,244)	(18,759)
Total deferred income tax liabilities	(178,704)	(201,882)
Net deferred income tax liabilities	**$ (147,324)**	**$ (170,738)**

A deferred income tax asset is only recognized when management believes it is more likely than not that the benefit will be recognized.

At September 30, 2012, the Corporation had operating loss carry forwards of $55,820,000 (December 31, 2011 – $69,343,000). Operating loss carry forwards by year of expiry are summarized below.

Year of Expiry:	**Recognized**	**Unrecognized**	**Total**
2014	$ -	$ 12	$ 12
2015	-	40	40
Thereafter	42,203	13,565	55,768
	$ 42,203	$ 13,617	$ 55,820

30. NET EARNINGS (LOSS) PER SHARE

	For the three months ended		For the nine months ended	
	September 30, 2012	September 30, 2011	September 30, 2012	September 30, 2011
Net earnings (loss) attributable to owners of the parent	$ (8,060)	$ 88,636	$ 7,606	$ 984,964
Less: dividends on Preference Shares, series 2	(2,193)	(2,192)	(6,581)	(6,580)
	$ (10,253)	$ 86,444	$ 1,025	$ 978,384
Represented by:				
Continuing operations	$ (10,253)	$ 86,444	$ 1,025	$ 117,226
Discontinued operations	-	-	-	861,158
Weighted average number of shares outstanding during the period	54,744,397	64,845,469	54,879,780	67,356,052
Basic earnings (loss) per share				
Continuing operations	$ (0.19)	$ 1.33	$ 0.02	$ 1.74
Discontinued operations	-	-	-	12.78
	$ (0.19)	$ 1.33	$ 0.02	$ 14.52
Effect of dilutive securities on weighted average number of shares outstanding during the period	-	2,057,444	1,995,612	1,914,684
Diluted earnings per share				
Continuing operations	n/a	$ 1.29	$ 0.02	$ 1.69
Discontinued operations	-	-	-	12.43
	$ -	$ 1.29	$ 0.02	$ 14.12

31. FINANCIAL INSTRUMENTS

A detailed description of the Corporation's financial assets and financial liabilities and its associated risk management in respect thereof are provided in note 33 to the Corporation's 2011 Audited Consolidated Financial Statements. There have been no significant changes in the business and economic circumstances and the related financial risks that affect the fair value of the Corporation's financial assets and financial liabilities since December 31, 2011.

32. CAPITAL MANAGEMENT

The Corporation defines the capital that it manages as the aggregate of its shareholders' equity and interest bearing debt, including outstanding preference shares. The following table summarizes the carrying value of the Corporation's capital as at September 30, 2012 and December 31, 2011.

As at	September 30, 2012	December 31, 2011
Shareholders' equity	$ 1,847,368	$ 1,807,272
Corporate debt	376,532	546,597
Preference Shares, series 1	148,686	148,423
	$ 2,372,586	**$ 2,502,292**

The Corporation's objectives when managing capital include (i) ensuring that the Corporation and all of its regulated entities meet relevant regulatory capital requirements; (ii) ensuring that the Corporation is able to meet its financial obligations as they become due, while ensuring compliance with all applicable debt covenants; (iii) ensuring that the Corporation has sufficient capital to manage business activities in each of its operating segments; (iv) ensuring that the Corporation has sufficient capital available to benefit from acquisition opportunities, should they arise; and (v) ensuring adequate returns for shareholders. The Corporation regularly assesses its capital management practices in response to changing economic conditions.

Certain subsidiaries of the Corporation are subject to regulatory capital requirements. Compliance with these requirements requires that the subsidiaries maintain sufficient cash and other liquid assets on hand to maintain regulatory capital requirements, rather than using these liquid assets in connection with business activities or otherwise. As at September 30, 2012 and December 31, 2011, the Corporation and its subsidiaries were in compliance with all regulatory capital requirements and all debt covenants.

33. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

A description of the Corporation's commitments, contingencies and off-balance sheet arrangements is provided in note 35 to the Corporation's 2011 Audited Consolidated Financial Statements. The following provides a summary of material changes to these items as at September 30, 2012.

Land Purchase Agreements and Estimated Costs to Complete

Dundee Realty had commitments under land purchase agreements totalling $32,356,000 as at September 30, 2012 (December 31, 2011 – $55,358,000) which will become payable in future periods on the satisfaction of certain conditions pursuant to these agreements.

Letters of Credit and Surety Bonds

Dundee Realty is contingently liable for letters of credit and surety bonds that have been provided to support land and condominium developments in the amount of $71,079,000 at September 30, 2012 (December 31, 2011 – $60,520,000). Dundee Realty is also contingently liable for letters of credit that have been provided to support its equity accounted investments in the amount of $48,039,000 (December 31, 2011 – $42,872,000).

Joint Ventures and Co-ownerships

Dundee Realty may conduct its real estate activities from time to time through joint ventures with third party partners. The Corporation is contingently liable for the obligations of the other owners of the unincorporated joint ventures in the amount of $57,183,000 as at September 30, 2012 (December 31, 2011 – $41,800,000). The Corporation would have available to it the other venturers' share of assets to satisfy the obligations that may arise.

Legal Contingencies

As part of the business reorganization of the capital markets activities of DundeeWealth (note 4), Dundee Capital Markets agreed to indemnify certain subsidiaries of DundeeWealth with respect to certain claims. In 2011, Sino-Forest Corporation ("Sino-Forest") was delisted from the TSX, following allegations of securities violations. One of the parties indemnified by Dundee Capital Markets participated in underwriting syndicates in respect of several public equity offerings by Sino-Forest. Dundee Capital Markets understands that the indemnified party is a defendant in at least one lawsuit brought by shareholders of Sino-Forest, alleging securities law and other violations. Sino-Forest received an order for creditor protection in March 2012, which may impact this lawsuit. In April 2012, Sino-Forest and certain of its current and former executives received enforcement notices from the Ontario Securities Commission and the regulator commenced formal proceedings against them alleging fraud and securities law violations in May 2012. It is not known if others will be named as respondents in the future. Dundee Capital Markets cannot reliably estimate the timing and quantification of any exposure it may have as a result of the Sino-Forest underwritings, the consequences of which could be material.

The Corporation is also a defendant in various other legal actions. The defenses to these claims and the quantification of damages are yet to be determined and the amount of the loss, if any, cannot be determined at this time. The Corporation intends to vigorously defend itself against all legal claims. Although the ultimate outcome of these matters cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, it is the opinion of management, based on information currently available, that these are not material liabilities, adequate provisions have been made for any liabilities and the resolution of these matters will not have a material adverse effect on the consolidated financial position of the Corporation.

34. RELATED PARTY TRANSACTIONS

There have been no significant changes in the nature and scope of related party transactions to those described in note 36 to the Corporation's 2011 Audited Consolidated Financial Statements.

35. SEGMENTED INFORMATION

Segmented information is provided based on operating segments, consistent with how the Corporation manages its business and how it reviews its performance. The Corporation operates in five operating segments, which are organized predominantly by the products and services provided to customers.

Real Estate
The real estate segment consists of the land and housing activities of Dundee Realty. These activities are supplemented by a portfolio of select investment and income-producing properties. The Corporation's real estate segment includes several equity accounted investments, including the Corporation's 21% interest in Dundee International REIT and its 6% interest in Dundee REIT.

Resource
Activities in the resource segment are primarily carried out through Dundee Energy and Eurogas International Inc. ("EII"). Dundee Energy and EII have interests in southern Ontario, Spain and Tunisia. The Corporation's interest in Dundee Precious Metals Inc. and other resource-based investments, several of which are accounted for using the equity method, are also included in this segment.

Agriculture
The Corporation's agriculture segment was established through its acquisition of Blue Goose (note 5) in December 2011. Blue Goose is a privately-owned Canadian company in the organic and natural beef production market.

Asset Management
The Corporation's asset management activities are carried out through GIC and DREAM. GIC and DREAM provide sub-advisory and investment services to third party assets under management and to the Corporation's portfolio of AFS securities, real estate assets and infrastructure projects. In addition, the asset management segment also includes general corporate overhead costs, as well as interest and debt servicing costs, to the extent that such costs have not been specifically allocated to any other operating segment.

Capital Markets
Dundee Capital Markets provides investment banking, institutional equity sales and trading and equity research activities with a principal focus on resources, real estate and infrastructure, diversified industries and special situations, complementing the core focus areas of the Corporation's asset management activities. Dundee Capital Markets is also the manager of certain flow-through resource limited partnership investment management products.

Segmented Statements of Operations for the nine months ended September 30, 2012 and 2011

	Real Estate		Resource		Agriculture		Asset Management		Capital Markets		Intersegment		TOTAL	
	2012	*2011*	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*
SEGMENTED OPERATIONS														
Revenues	$ 290,906	$ 194,918	$ 23,109	$ 26,339	$ 6,721	$ -	$ 76,645	$ 73,036	$ 87,191	$ 89,206	$ (8,520)	$ (5,961)	$ 476,052	$ 377,538
Other items in net earnings:														
Cost of sales	(221,866)	(149,194)	(10,056)	(10,709)	(3,867)	-	-	-	(41,145)	(43,260)	3,240	2,516	(273,694)	(200,647)
Depreciation and depletion	(1,847)	(1,568)	(11,225)	(11,098)	(532)	-	(1,965)	(1,801)	(1,002)	(654)	-	-	(16,571)	(15,121)
General and administrative	(4,408)	(3,738)	(8,488)	(9,294)	(4,771)	-	(33,040)	(48,721)	(49,352)	(37,237)	1,132	1,518	(98,927)	(97,472)
Realized loss from investments	-	-	-	-	-	-	(44,812)	(8,721)	-	-	-	-	(44,812)	(8,721)
Share of earnings from equity accounted investments	23,051	15,864	2,620	28,896	-	-	-	-	-	-	-	-	25,671	44,760
(Loss) gain on sale of equity accounted investments	(266)	11	-	95,561	-	-	-	-	-	-	-	-	(266)	95,572
Fair value changes in investment properties	6,227	1,794	-	-	-	-	-	-	-	-	-	-	6,227	1,794
Fair value changes in livestock	-	-	-	-	1,668	-	-	-	-	-	-	-	1,668	-
Gain on derivative financial instruments	-	-	2,413	2,034	-	-	120	2,196	-	-	-	-	2,533	4,230
Interest expense	(7,416)	(8,237)	(3,542)	(3,503)	(165)	-	(14,453)	(9,954)	(212)	-	4,148	1,927	(21,640)	(19,767)
Foreign exchange (loss) gain	-	-	(192)	147	(10)	-	(2,053)	(344)	3	-	-	-	(2,252)	(197)
NET EARNINGS (LOSS) BEFORE NON-SEGMENTED ITEMS	84,381	49,850	(5,361)	118,373	(956)	-	(19,558)	5,691	(4,517)	8,055	-	-	53,989	181,969
Income taxes													(29,147)	(47,998)
NET EARNINGS (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	84,381	49,850	(5,361)	118,373	(956)	-	(19,558)	5,691	(4,517)	8,055	-	-	24,842	133,971
DISCONTINUED OPERATIONS													-	850,828
NET EARNINGS (LOSS) FOR THE PERIOD	$ 84,381	$ 49,850	$ (5,361)	$ 118,373	$ (956)	$ -	$ (19,558)	$ 5,691	$ (4,517)	$ 8,055	$ -	$ -	$ 24,842	$ 984,799
NET EARNINGS (LOSS) ATTRIBUTABLE TO:														
Owners of the parent	$ 64,718	$ 40,343	$ (3,020)	$ 120,693	$ (870)	$ -	$ (19,558)	$ 5,691	$ (4,517)	$ 5,077	$ -	$ -	$ 7,606	$ 984,964
Non-controlling interest	19,663	9,507	(2,341)	(2,320)	(86)	-	-	-	-	2,978	-	-	17,236	(165)
	$ 84,381	$ 49,850	$ (5,361)	$ 118,373	$ (956)	$ -	$ (19,558)	$ 5,691	$ (4,517)	$ 8,055	$ -	$ -	$ 24,842	$ 984,799

Segmented Statements of Operations for the three months ended September 30, 2012 and 2011

	Real Estate		Resource		Agriculture		Asset Management		Capital Markets		Intersegment		TOTAL	
	2012	*2011*	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*	*2012*	*2011*
SEGMENTED OPERATIONS														
Revenues	$ 119,450	$ 84,253	$ 7,429	$ 8,683	$ 2,356	$ -	$ 22,700	$ 26,921	$ 25,932	$ 20,161	$ (4,322)	$ (1,991)	$ 173,545	$ 138,027
Other items in net earnings:														
Cost of sales	(87,614)	(63,089)	(3,876)	(4,757)	(1,103)	-	-	-	(11,570)	(10,099)	1,164	838	(102,999)	(77,107)
Depreciation and depletion	(611)	(519)	(3,788)	(3,850)	(253)	-	(665)	(593)	(190)	(223)	-	-	(5,507)	(5,185)
General and administrative	(2,037)	1,479	(2,106)	(3,192)	(1,306)	-	(9,461)	(15,299)	(16,626)	(11,383)	361	497	(31,175)	(27,898)
Realized loss from investments	-	-	-	-	-	-	(32,362)	(12,869)	-	-	-	-	(32,362)	(12,869)
Share of earnings from equity accounted investments	7,193	5,360	(3,889)	10,068	-	-	-	-	-	-	-	-	3,304	15,428
(Loss) gain on sale of equity accounted investments	(105)	-	-	95,561	-	-	-	-	-	-	-	-	(105)	95,561
Fair value changes in investment properties	652	502	-	-	-	-	-	-	-	-	-	-	652	502
Fair value changes in livestock	-	-	-	-	550	-	-	-	-	-	-	-	550	-
Gain (loss) on derivative financial instruments	-	-	(354)	1,486	-	-	538	1,440	-	-	-	-	184	2,926
Interest expense	(2,284)	(2,785)	(1,353)	(1,114)	(116)	-	(2,952)	(4,285)	(35)	-	2,797	656	(3,943)	(7,528)
Foreign exchange (loss) gain	-	-	(87)	257	(14)	-	(792)	(177)	100	-	-	-	(793)	80
NET EARNINGS (LOSS) BEFORE NON-SEGMENTED ITEMS	34,644	25,201	(8,024)	103,142	114	-	(22,994)	(4,862)	(2,389)	(1,544)	-	-	1,351	121,937
Income taxes													(3,572)	(29,977)
NET EARNINGS (LOSS) FOR THE PERIOD FROM CONTINUING OPERATIONS	34,644	25,201	(8,024)	103,142	114	-	(22,994)	(4,862)	(2,389)	(1,544)	-	-	(2,221)	91,960
DISCONTINUED OPERATIONS													-	-
NET EARNINGS (LOSS) FOR THE PERIOD	$ 34,644	$ 25,201	$ (8,024)	$ 103,142	$ 114	$ -	$ (22,994)	$ (4,862)	$ (2,389)	$ (1,544)	$ -	$ -	$ (2,221)	$ 91,960
NET EARNINGS (LOSS) ATTRIBUTABLE TO:														
Owners of the parent	$ 27,523	$ 20,407	$ (6,729)	$ 104,039	$ 101	$ -	$ (22,994)	$ (4,862)	$ (2,389)	$ (971)	$ -	$ -	$ (8,060)	$ 88,636
Non-controlling interest	7,121	4,794	(1,295)	(897)	13	-	-	-	-	(573)	-	-	5,839	3,324
	$ 34,644	$ 25,201	$ (8,024)	$ 103,142	$ 114	$ -	$ (22,994)	$ (4,862)	$ (2,389)	$ (1,544)	$ -	$ -	$ (2,221)	$ 91,960

Segmented Statements of Net Assets as at September 30, 2012

	Real Estate	Resource	Agriculture	Asset Management	Capital Markets	TOTAL
Assets						
Cash	$ 10,120	$ 1,925	$ -	$ 13,471	$ 99,955	$ 125,471
Investments	38,739	-	-	1,166,472	-	1,205,211
Equity accounted investments	314,016	139,134	-	-	-	453,150
Other assets	880,561	200,141	52,980	44,474	569,797	1,747,953
	$ 1,243,436	$ 341,200	$ 52,980	$ 1,224,417	$ 669,752	$ 3,531,785
Liabilities						
Corporate debt	$ 287,085	$ 62,711	$ 17,821	$ 8,915	$ -	$ 376,532
Preference Shares, series 1	-	-	-	148,686	-	148,686
Deferred income tax liabilities	70,127	11,785	-	69,292	(3,880)	147,324
Other liabilities	153,572	50,916	2,354	71,740	592,959	871,541
	$ 510,784	$ 125,412	$ 20,175	$ 298,633	$ 589,079	$ 1,544,083
SEGMENTED NET ASSETS	$ 732,652	$ 215,788	$ 32,805	$ 925,784	$ 80,673	$ 1,987,702
SEGMENTED NET ASSETS ATTRIBUTABLE TO:						
Owners of the parent	$ 635,061	$ 180,802	$ 25,048	$ 925,784	$ 80,673	$ 1,847,368
Non-controlling interest	97,591	34,986	7,757	-	-	140,334
	$ 732,652	$ 215,788	$ 32,805	$ 925,784	$ 80,673	$ 1,987,702

Segmented Statements of Net Assets as at December 31, 2011

	Real Estate	Resource	Agriculture	Asset Management	Capital Markets	TOTAL
Assets						
Cash	$ 739	$ 2,710	$ 1,742	$ 15,477	$ 192,855	$ 213,523
Investments	40,246	-	-	1,444,723	-	1,484,969
Equity accounted investments	284,613	144,563	-	-	-	429,176
Other assets	751,229	200,267	16,272	46,491	339,672	1,353,931
	$ 1,076,827	$ 347,540	$ 18,014	$ 1,506,691	$ 532,527	$ 3,481,599
Liabilities						
Corporate debt	$ 210,458	$ 59,191	$ -	$ 276,948	$ -	$ 546,597
Preference Shares, series 1	-	-	-	148,423	-	148,423
Deferred income tax liabilities	54,743	7,100	-	112,329	(3,434)	170,738
Other liabilities	139,134	50,992	2,202	31,884	372,882	597,094
	$ 404,335	$ 117,283	$ 2,202	$ 569,584	$ 369,448	$ 1,462,852
SEGMENTED NET ASSETS	$ 672,492	$ 230,257	$ 15,812	$ 937,107	$ 163,079	$ 2,018,747
SEGMENTED NET ASSETS ATTRIBUTABLE TO:						
Owners of the parent	$ 583,675	$ 193,492	$ 12,975	$ 937,107	$ 80,023	$ 1,807,272
Non-controlling interest	88,817	36,765	2,837	-	83,056	211,475
	$ 672,492	$ 230,257	$ 15,812	$ 937,107	$ 163,079	$ 2,018,747

36. SUBSEQUENT EVENT

Subsequent to September 30, 2012, EII announced that, together with its joint venture partner, Atlas Petroleum Exploration Worldwide Ltd., it has received approval from the Tunisian regulatory authorities for the renewal of the Sfax Permit (the "Sfax Permit"). The renewal is for a period of three years from December 9, 2012 to December 8, 2015 (the "First Renewal Period"). In addition, the joint venture's current drilling obligation pursuant to the initial term of the Sfax Permit is to be transferred to the First Renewal Period. The First Renewal Period will carry an additional one well drilling obligation.

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