DUNDEE CORPORATION

**MANAGEMENT'S DISCUSSION AND ANALYSIS**

**DECEMBER 31, 2015**

# DUNDEE CORPORATION
## Management's Discussion and Analysis

**Dundee Corporation** (the "Corporation" or "Dundee Corporation") is a public Canadian independent holding company, listed on the Toronto Stock Exchange ("TSX") under the symbol "DC.A". Through its operating subsidiaries, the Corporation is engaged in diverse business activities in the areas of investment advisory, corporate finance, energy, resources, agriculture, real estate and infrastructure. The Corporation also holds, directly and indirectly, a portfolio of investments mostly in these key areas, as well as other select investments in both publicly listed and private enterprises.

**This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of March 29, 2016 and provides an update on matters discussed in, and should be read in conjunction with the Corporation's audited consolidated financial statements, including the notes thereto, as at and for the year ended December 31, 2015 (the "2015 Audited Consolidated Financial Statements), which have been prepared using International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars unless otherwise specified. Tabular dollar amounts, unless otherwise specified, are in thousands of dollars, except for per share or per unit amounts. This MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management's expectations. See the *"Cautionary Note Regarding Forward Looking Statements"* section later in this MD&A for further information.**

## STRATEGY

*Business Strategy*
Dundee Corporation is a holding company that owns and manages a portfolio of publicly listed and privately held businesses. The Corporation invests its own capital in these assets, alongside its clients and partners' capital, helping ensure that the Corporation's interests are consistently aligned. The Corporation's strategic imperative is to generate long-term value creation for its stakeholders and shareholders. The Corporation's core business activities are wealth management and merchant capital.

Dundee Corporation's strategy to create long-term value for stakeholders is being driven through the establishment of a wealth management business focused on the high-net worth and ultra-high net worth markets, supported by top quality investment products, managed by a team of experienced portfolio managers. In parallel with its wealth management vision, the Corporation has taken steps to rationalize its merchant capital portfolio, focusing on those investments that the Corporation considers core to its expertise and aligned to its objectives of sustainable growth and value for shareholders.

The Corporation believes that over time the successful execution of the wealth management strategy will help generate more regular and predictable cash flows for the Corporation. It is anticipated that future cash flows in the wealth management business will come from a combination of asset management and performance based fees. The Corporation also believes it has taken important steps to address issues with companies within its merchant capital portfolio in order to help ensure they are well positioned for a future recovery in commodity prices.

*Wealth Management Strategic Objectives*
At the core of the Corporation's vision is the creation of a wealth management division through which it will build a profitable, client-centric Investment Counsel/Portfolio Manager ("ICPM") platform supported by world-class asset management and top quality investment products designed to achieve superior long-term, risk adjusted returns. The ICPM strategy includes developing integrated and diversified financial products and services focused on the high-net-worth and ultra-high-net-worth markets. The wealth management platform plans to capture new opportunities in investment management through a full spectrum of portfolios spanning core investments, proprietary private equity funds and structured products, managed by a team of experienced portfolio managers.

The Corporation believes that targeting and servicing the unique needs of the high-net worth and ultra-high net worth markets presents a significant opportunity. These segments are made up of successful business owners, entrepreneurs, corporate executives and other individuals with sophisticated wealth management and financial services needs. It is estimated that over the next decade these segments will be involved in the creation and transfer of a significant amount of wealth in Canada, which some third-parties estimate could total as much as four trillion dollars. By providing these clients with a seamless, integrated suite of client-centric services, the Corporation believes we can successfully differentiate ourselves from our competitors.

*Merchant Capital Strategic Objectives*

The Corporation's merchant capital activities include the management of assets, both domestic and international, consisting of physical assets in industries such as resources, real estate, agriculture and infrastructure that are owned or co-owned within the Corporation's core operating entities and managed on behalf of the Corporation and its co-investors. Also, the Corporation's merchant capital activities include securities with significant positions in companies engaged in financial services, resources, and real estate. Such securities are held on behalf of the Corporation and its clients and are managed by dedicated teams of investment professionals within the Corporation's group of companies.

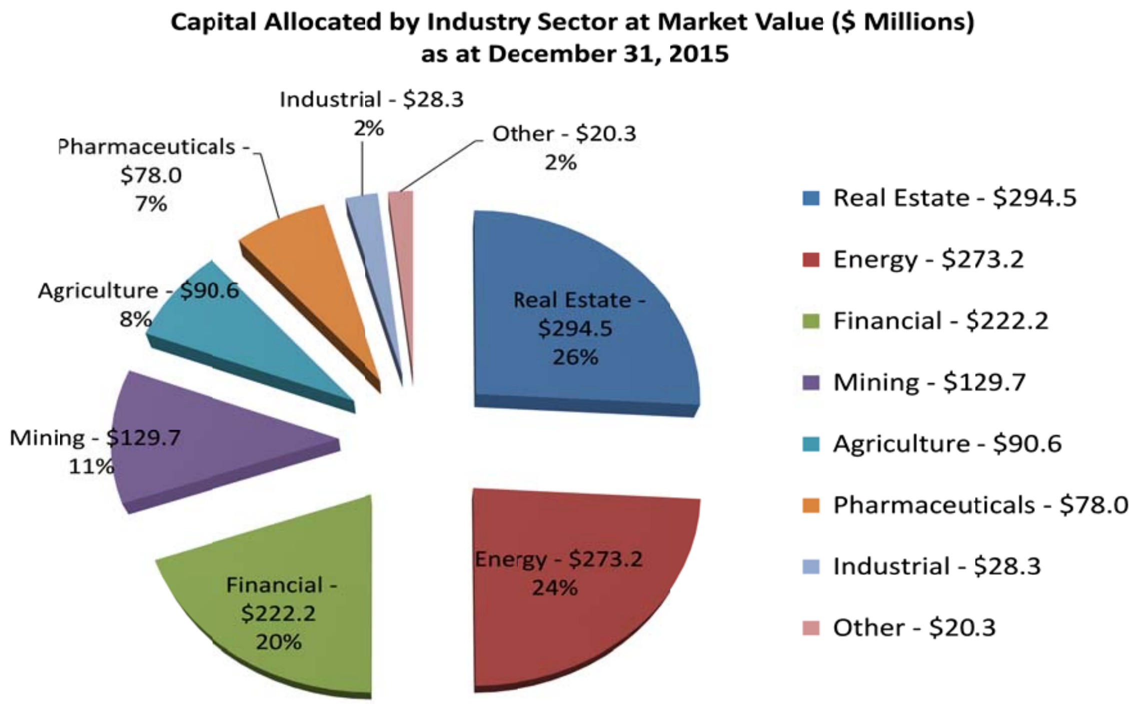
Historically, this division of the Corporation has provided investment capital for promising businesses in a variety of industries. In addition, the Corporation has also lent management expertise and other support to help these businesses develop and prosper.

In recent years, some of these businesses, particularly those with exposure to the resources sector, have struggled against a backdrop of a prolonged slump in commodity prices. To help ensure their survival and to position themselves to thrive when the commodity cycle improves, many of these companies have implemented significant cost containment and reduction measures. The Corporation supports these initiatives and believes they are necessary in this current operating environment.

Going forward, the Corporation will continue to invest in and support promising businesses. More emphasis, however, will be placed on helping these companies become more self-sufficient and less reliant on the Corporation's capital. The Corporation will seek to identify and hire management teams that are capable of raising capital and finding partners capable of supporting the growth of their respective businesses.

Additionally, the merchant capital group will seek opportunities to invest alongside partners. Through co-investment, the Corporation believes it can work collaboratively and in partnership with other like-minded firms that share similar entrepreneurial values. Investing with partners will also help mitigate some risks, while identifying new sources of human and financial capital to help support growth within investee companies.

## DUNDEE CORPORATION'S CAPITAL ALLOCATED BY INDUSTRY SECTOR



## UNDERSTANDING THE ALLOCATION OF DUNDEE CORPORATION'S CAPITAL

| | | Carrying Value as at December 31, 2015 | Market Value* as at December 31, 2015 | Market Value* as at December 31, 2014 |
|---|---|---|---|---|
| 1 | **Operating Subsidiaries**<br>Operating subsidiaries are not recorded as individual investments in the Corporation's consolidated financial statements. Instead, the accounts of the operating subsidiary are consolidated with those of the Corporation on a line-by-line basis. For example, the revenue generated by an operating subsidiary is reported as revenue of the Corporation in the consolidated statement of operations. | $ 544,393 | $ 525,378 | $ 645,220 |
| 2 | **Equity Accounted Investments**<br>Investments that are accounted for using the equity method are separately disclosed in the Corporation's consolidated statement of financial position as "Equity accounted investments". These investments are initially recorded at the Corporation's cost of acquisition. Subsequently, the original cost is increased or decreased in proportion to the Corporation's share of earnings or losses generated by the investee. | 172,672 | 172,736 | 265,878 |
| 3 | **Investments**<br>All other investments are designated as "Investments" in the Corporation's consolidated statement of financial position. These investments may include investments in equity or debt securities of public or private companies in a variety of sectors. These investments are reported in the Corporation's consolidated financial statements at their estimated fair value. | 438,628 | 438,628 | 653,696 |
| 4 | **Corporate Account Balances**<br>Corporate account balances represent balances of the Corporation's capital that are not directly attributable to a particular investment. These balances include cash held by the Corporation directly, offset by the Corporation's direct obligations, and obligations in respect of its credit facilities. | (100,660) | (100,785) | (229,739) |
| | **SHAREHOLDERS' EQUITY** | **$ 1,055,033** | **$ 1,035,957** | **$ 1,335,055** |
| | Less: Shareholders' equity attributable to holders of: | | | |
| | Preference Shares, series 2 | (84,053) | (86,985) | (86,985) |
| | Preference Shares, series 3 | (43,015) | (43,015) | (43,015) |
| | **SHAREHOLDERS' EQUITY ATTRIBUTABLE TO CLASS A SUBORDINATE SHARES AND CLASS B SHARES OF THE CORPORATION** | **$ 927,965** | **$ 905,957** | **$ 1,205,055** |
| | Number of Class A Subordinate Shares and Class B Shares of the Corporation outstanding | | | |
| | Class A Subordinate Shares | | 55,529,801 | 53,196,258 |
| | Class B Shares | | 3,115,232 | 3,115,235 |
| | | | 58,645,033 | 56,311,493 |
| | **SHAREHOLDERS' EQUITY ON A PER SHARE BASIS**** | **$ 15.82** | **$ 15.45** | **$ 21.40** |

* *Certain of the Corporation's investments trade in public markets, while other investments are in debt or equity securities of private companies. While the Corporation has applied valuation methodologies to estimate the market value of its portfolio of non-publicly traded investments, these valuation methodologies have not been applied to operating subsidiaries and equity accounted investments that are not publicly traded. For purposes of the above schedule, the "market value" of the Corporation's non-public operating subsidiaries and non-public equity accounted investments is equal to their underlying carrying value.*

** *Before accounting for deferred income tax assets and liabilities in respect of the Corporation's investments in operating subsidiaries, which are not recognized in the Corporation's consolidated financial statements as per IAS 12.*

# UPDATE ON BUSINESS STRATEGIES OF OPERATING SUBSIDIARIES

### Operating Subsidiaries as at December 31, 2015

| | Ticker Symbol | (000's) # of Shares Held | Market Price/Share | Percentage Ownership | Net Assets (note 1) | Non-Controlling Interests (note 2) | Carrying Value as at December 31, 2015 | Market Value as at December 31, 2015 |
|---|---|---|---|---|---|---|---|---|
| **Subsidiaries That Are Not Publicly Listed** | | | | | | | | |
| United Hydrocarbon International Corp. | | | | 35% | $ 236,434 | $ - | $ 236,434 | $ 236,434 |
| Dundee Securities Ltd. (note 3) | | | | 100% | 109,048 | - | 109,048 | 109,048 |
| Blue Goose Capital Corp. | | | | 88% | 72,366 | (6,094) | 66,272 | 66,272 |
| Dundee 360 Real Estate Corporation | | | | 100% | 68,029 | (1,896) | 66,133 | 66,133 |
| AgriMarine Holdings Inc. | | | | 100% | 22,461 | - | 22,461 | 22,461 |
| Goodman & Company, Investment Counsel Inc. | | | | 100% | 1,420 | - | 1,420 | 1,420 |
| **Subsidiaries That Are Publicly Listed** | | | | | | | | |
| Dundee Sustainable Technologies Inc. | DST | 228,068.5 | $0.07 | 66% | 7,202 | 1,506 | 8,708 | 14,824 |
| Dundee Energy Limited | DEN | 108,993.5 | $0.03 | 58% | 53,326 | (21,630) | 31,696 | 2,725 |
| Eurogas International Inc. | EI | 16,646.8 | $0.00 | 53% | 221 | 2,000 | 2,221 | 83 |
| Amounts due from non-controlling interests (note 4) | | | | | | | - | 5,978 |
| **TOTAL – OPERATING SUBSIDIARIES** | | | | | | | **$ 544,393** | **$ 525,378** |

1. *See note 34 "Segmented Information" to the 2015 Audited Consolidated Financial Statements for a more detailed analysis of the carrying value of individual assets and liabilities attributed to each operating subsidiary.*
2. *See note 22 "Non-Controlling Interest" to the 2015 Audited Consolidated Financial Statements for information regarding the carrying value of non-controlling interest in each subsidiary.*
3. *Includes "Dundee Securities Europe LLP", "Dundee Securities Inc.", and "Dundee Goodman Insurance Agency Ltd.", all of which are sister companies to Dundee Securities Ltd. "Dundee Capital Markets" and "Dundee Goodman Private Wealth" are divisions of Dundee Securities Ltd.*
4. *From time to time, the Corporation will advance monies to an operating subsidiary to fund working capital requirements. Amounts advanced between the Corporation and its operating subsidiaries are eliminated in the 2015 Audited Consolidated Financial Statements of the Corporation. Accordingly, for purposes of determining the estimated market value of operating subsidiaries that are publicly traded, the Corporation has included its proportionate interest in advances to each operating subsidiary that is due to the Corporation from non-controlling shareholders of each operating subsidiary. Amounts due under these arrangements to operating subsidiaries that are not publicly traded are already included in the determination of the net carrying value of these operating subsidiaries.*

*Goodman & Company, Investment Counsel Inc.*

Goodman & Company, Investment Counsel Inc. ("GCIC") is the entity through which Dundee Global Investment Management ("DGIM") expects to build its ICPM platform. A registered portfolio manager and exempt market dealer across Canada, and an investment fund manager in the provinces of Ontario, Quebec and Newfoundland, GCIC's strategy is to acquire, develop and manage high quality assets and businesses that demonstrate an opportunity to achieve sustained growth and high returns in core sectors. At December 31, 2015, GCIC managed $88.2 million of third party AUM, including the Corporation's tax sheltered, closed end, mutual fund and alternative investment products.

GCIC is an indirect, wholly-owned subsidiary of Dundee Corporation. Additional information about GCIC may be accessed at www.goodmanandcompany.com.

*Dundee Securities Ltd.*

Dundee Securities Ltd. is a full service brokerage firm with operations across Canada. Registered as an investment dealer in each of the jurisdictions of Canada and as a derivatives dealer in Quebec, Dundee Securities Ltd. is subject to the oversight of the provincial securities commissions and the Investment Industry Regulatory Organization of Canada ("IIROC"). Business activities are carried out directly, and through several sister companies including Dundee Securities Europe LLP, a company authorized by the Financial Services Authority in the United Kingdom for the purposes of security brokering and asset management; and Dundee Goodman Insurance Agency Ltd., licensed by the Financial Services Commission of Ontario to carry on business as a life insurance agency (collectively "Dundee Securities"). Dundee Securities' business activities have historically been conducted through two operating divisions; (i) the capital markets division, which has been branded under the name "Dundee Capital Markets"; and (ii) the retail division.

The Dundee Capital Markets division of Dundee Securities is a Canadian boutique investment dealer that provides a variety of financial services including investment banking, institutional equity sales and equity research. Dundee Capital Markets provides strategic financing expertise to private clients and select companies within certain core sectors including mining, energy, technology, real estate, infrastructure and industrials. The Corporation believes that, central to the success of its capital markets business is an alignment of interest between management and key employees. During 2015, the Corporation initiated a process that it anticipates will result in an equity ownership plan for these key employees, which the Corporation anticipates will be completed in the second half of 2016.

Dundee Securities' retail division was previously branded under the name "Dundee Goodman Private Wealth". The retail distribution channel has been a vital component to the growth of Canada's wealth management sector. Instead of investing in the distribution channel directly however, the Corporation has determined that it will redirect its focus on engaging IIROC and other independent advisors as key distribution partners. In January 2016, the Corporation announced the sale of the Dundee Goodman Private Wealth division of Dundee Securities to Euro Pacific Canada in a transaction that will see the transfer of approximately $3.5 billion of investible client assets. In order to accommodate the significant growth in its business, Euro Pacific will also gain a significant part of the underlying operating infrastructure and staff resources associated with this business division. The transaction is expected to unlock approximately $40 million of liquidity and ongoing cost reductions to the Corporation, which will be redirected to the growth of DGIM's alternative asset management and private investment counsel lines of business. The transaction with Euro Pacific is expected to close in April 2016, subject to receipt of all required regulatory approvals.

As at December 31, 2015, the Corporation held a 100% interest in Dundee Securities and its sister companies. Additional information about the operations of Dundee Securities and its various business divisions may be accessed at either www.dundeecapitalmarkets.com or www.dundeegoodmanprivatewealth.com.

*Dundee Energy Limited*

Dundee Energy Limited ("Dundee Energy") is a small-cap Canadian-based company focused on creating long-term value through the development and acquisition of high-impact energy projects. Its principal operating assets are located in and around Lake Erie in southern Ontario, Canada and consist of an approximate 95% working interest in 45,000 gross acres of onshore oil and gas properties and a 100% working interest in 294,000 gross acres of offshore gas properties. These assets currently produce approximately 2,506 boe/d, 78% of which is natural gas production. Proved and probable reserves at December 31, 2015, as determined by an independent qualified reserves evaluator, were approximately 20,047 million boe with a value of $141.6 million, discounted at a rate of 10%. Dundee Energy estimates that its reserve life index for natural gas is 25.9 years, while its oil reserves had a reserve life index of approximately 14.0 years at December 31, 2015. While Dundee Energy's general strategy is to grow through the development of long-life, low-risk assets, in response to the considerable decline and ongoing volatility in the price of oil and natural gas, it has significantly deferred its capital expenditure program in 2015, and anticipates further deferrals in 2016, allocating immediately available resources to activities designed to maintain existing production. It is anticipated that any residual cash flows that may result from such reduced capital spending will be applied towards the repayment of outstanding debt.

In addition to its operations in southern Ontario, Dundee Energy, through its 74% owned subsidiary, Castor UGS Limited Partnership, owns a 33% interest in Escal UGS S.L., a company incorporated under Spanish jurisdiction, Escal UGS S.L. is the developer and former owner of a Spanish infrastructure undertaking that converted an abandoned oilfield offshore Spain to a natural gas storage facility (see "Significant Investments Accounted for under the Equity Method – Significant Developments in Equity Accounted Investments").

At December 31, 2015, the Corporation held a 58% interest in Dundee Energy. Common shares of Dundee Energy are traded on the TSX under the symbol "DEN". Additional information about Dundee Energy may be accessed at www.dundee-energy.com.

*United Hydrocarbon International Corp.*

United Hydrocarbon International Corp. (“UHIC”) is a privately-held Canadian company engaged in the exploration, development and production of oil and gas in the Republic of Chad. In May 2012, UHIC was awarded an exploration permit pursuant to a Production Sharing Contract (“PSC”) with the government of the Republic of Chad through its wholly-owned subsidiary, United Hydrocarbon Chad Ltd. The PSC provides UHIC with the exclusive right to explore and develop oil and gas reserves in four distinct blocks: the DOC Block and the DOD Block (together the “Doba Basin”); Block H; and the Largeau Block. UHIC has historically focused its efforts on the Doba Basin and Block H, and will evaluate the Largeau Block, a more remote and relatively unexplored area, as part of its long-term strategy.

UHIC has been impacted by the downward commodity pricing pressures which are currently being faced by many international oil and gas companies. The Brent oil price fell over 50% in the second half of 2014, and fell to lows of US$36.11/bbl in 2015 and US$27.88/bbl in early 2016. The reduction of Brent oil prices generally increased the cost of both debt and equity capital to oil and gas companies, while also challenging the short term returns of prospective projects. These external factors are beyond the control of Dundee Corporation, and have impeded its ability to immediately raise the capital that is required for UHIC to access resources and further develop and advance its business strategy of converting resources to reserves, and establishing production. In response to this in early 2015, UHIC temporarily suspended drilling operations, releasing the drilling rig, and issuing contract suspension and termination notices to most of its service providers. On an ongoing basis, the Corporation anticipates that UHIC will require approximately US$1.0 million per month to ensure the maintenance of its resource properties, and to meet its obligations under the PSC, until such time as additional financing can be obtained, or a position can be farmed out.

As a result of these conditions, and as further described under “*Segmented Results of Operations*”, during 2015, the Corporation impaired the carrying value of UHIC’s resource properties to its best estimate of its underlying fair value at December 31, 2015 of US$177.0 million.

As at December 31, 2015, the Corporation held a 35% equity interest in UHIC and in addition, it had advanced $316.6 million to UHIC under debt arrangements, all of which is currently carried at a total amount of $236.4 million in the 2015 Audited Consolidated Financial Statements. Additional information regarding UHIC may be accessed at www.unitedhydrocarbon.com.

*Dundee Sustainable Technologies Inc.*

Dundee Sustainable Technologies Inc. (“Dundee Technologies”) is engaged in the development of environment-friendly technologies for the treatment of complex materials in the mining industry. Through the development of patented, proprietary processes, Dundee Technologies extracts precious and base metals from ores, concentrates and tailings, while stabilizing contaminants such as arsenic, which could not otherwise be extracted or stabilized with conventional processes because of metallurgical issues or environmental considerations.

Cyanidation, a commonly used procedure for processing gold, typically produces large amounts of highly contaminated tailings. Several countries have restricted, or even banned the use of cyanide and, as a result, there are a significant number of ore bodies that are dormant for lack of an environmentally-acceptable process to extract the gold from the ore bodies. Dundee Technologies’ most advanced proprietary process uses chlorination to provide a cyanide-free alternative for the exploitation of gold deposits. The primary benefits of this innovative technology are shorter processing times, and a closed-loop operation eliminating the need for costly tailing ponds and reducing the associated environmental footprint.

In addition to its chlorination process, Dundee Technologies has constructed a pilot plant to demonstrate its arsenic stabilization process, which is designed for the sequestration of this contaminant into a stable glass form. This process is an environment-friendly technique to permanently segregate arsenic and presents opportunities to process materials considered too toxic to be exploited or stabilized using conventional mining methods.

Dundee Technologies has protected its intellectual property by filing patents during the development of its technologies. To date, Dundee Technologies has patents granted or published on 11 different processes, and it has 42 patents granted, pending or filed in 16 different countries. These patents expire between 2022 and 2034.

Inherent in the commercialization of these processes is significant technological development risk. Each of these processes may require significant additional development, testing and investment prior to final commercialization. There can be no assurance that such technologies will be successfully developed, or that output from any use of Dundee Technologies' processes could be produced at a commercial level at reasonable costs, or that such processes could be successfully marketed.

At December 31, 2015, the Corporation held 178.1 million subordinate voting shares and 50.0 million multiple voting shares of Dundee Technologies, representing a 66% equity interest and an 85% voting interest. Additional information regarding Dundee Technologies may be accessed at www.dundeetechnologies.com.

*Eurogas International Inc.*

Eurogas International Inc. ("Eurogas International") (www.eurogasinternational.com), is a publicly traded (CSE:EI) oil and natural gas exploration company. In 2014, Eurogas International has farmed out a substantial working interest in the Sfax offshore permit ("Sfax Permit"), located in the shallow Mediterranean waters in the Gulf of Gabes, offshore Tunisia and southeast of the city of Sfax, to DNO Tunisia AS, a subsidiary of DNO International ASA, an Oslo-listed company with significant expertise in the oil and gas industry across the Middle East and Africa. In that transaction, Eurogas International retained an approximate 5.625% royalty-like working interest against future production derived from the Sfax Permit, subject to certain limitations.

*Blue Goose Capital Corp.*

Blue Goose Capital Corp. ("Blue Goose") is a privately-held Canadian company focused on the production, distribution and sale of organic protein products, including natural beef, chicken and fish.

Dundee Corporation continues to see its investment in the agriculture business as providing protection against inflation with a significant opportunity to benefit from a dynamic and rapidly growing organic and natural food sector. In late 2014, Dundee Corporation took steps to right size the business of Blue Goose, and appointed new leadership with significant knowledge of the agriculture and agri-business industries in Canada and abroad.

Blue Goose continues to execute on its strategy to grow its cattle business. During 2015, it increased its real property footprint through the acquisition of acreage in western Canada which it will use for grazing and feed production, and it increased the size of its organic herd in order to ensure that it is able to meet increasing demand. In addition to expanding its retail distribution network in Canada, Blue Goose applied and successfully received the necessary regulatory approval to sell its processed beef products in the United States, which should commence in mid-2016. In its chicken division, Blue Goose successfully introduced new consumer packaged goods ("CPGs") products, including chicken sausages, chili and broth, that were brought to market in late 2015 and early 2016. In addition to the cost savings and operating efficiencies implemented by the new leadership, these initiatives have improved margins and profitability in this division. Blue Goose continued to expand its fish operations and simplified its sales model during 2015, focusing on the sale of whole fish, eliminating processing costs and improving margins.

As part of its strategy, Blue Goose divested some of its non-core and underperforming assets in 2015, including its Wagyu business in Colorado and its aggregates business in Ontario.

In order to continue to expand its operations, and to strengthen its control over its supply chain, Blue Goose is seeking to raise financing of approximately $20.0 million in a brokered private placement. If successful, Blue Goose will use the proceeds from the financing for general working capital purposes and to finance the equity portion of one or more acquisitions.

At December 31, 2015, the Corporation held an 88% interest in Blue Goose. Additional information about Blue Goose may be accessed at www.bluegoosepurefoods.com.

*AgriMarine Holdings Inc.*

AgriMarine Holdings Inc. ("AgriMarine") is a private company engaged in fish farming activities using both conventional netting systems and other proprietary aquaculture technologies. AgriMarine has three principal assets: a Steelhead trout fish farm known as West Coast Fishculture, located in Powell River, British Columbia; a suite of patents pertaining to a closed-containment tank technology used to rear finfish; and an engineering company known as *"AgriMarine Technologies"* that supports internal needs and provides engineering services to third-party fish farm operators.

Effective May 22, 2015, the Corporation acquired the remaining 5% interest in AgriMarine that it did not already own for $0.2 million. As a result of this going private transaction, AgriMarine became a private, wholly-owned subsidiary of Dundee Corporation, and the common shares of AgriMarine were delisted from the Canadian Securities Exchange.

Additional information about AgriMarine may be accessed at www.agrimarine.com.

*Dundee 360 Real Estate Corporation*

Dundee 360 Real Estate Corporation ("Dundee 360") is an integrated global real estate company with proven capabilities supporting mixed-use real estate projects from inception to monetization. Dundee 360 intends to capitalize on the continued densification of core downtown areas in major cities and on the expansion of the affluent and middle classes, which should drive investments in urban and recreational mixed-use developments. Dundee 360 also plans to leverage its extensive international network to identify and deliver best-in-class projects in the communities within which it operates. Currently, Dundee 360 is aligning strategic and long-term capital sources and potential financing vehicles, to allow Dundee 360 to continue growing its business and leverage the depth of its expertise.

During 2015, the Corporation introduced new leadership to Dundee 360's residential real estate sales and marketing division, operating as "*Sotheby's International Realty Canada"* ("Sotheby's"). Combining a prestigious and internationally recognized real estate brand with local market knowledge and specialized marketing expertise, Sotheby's is the leading real estate sales and marketing company for some of the country's most exceptional properties. The Corporation views real estate as an integral component of a well defined wealth management strategy. Consequently, a process has been initiated to create greater alignment between the services provided by both Sotheby's and DGIM.

As at December 31, 2015, Dundee 360 was a wholly-owned subsidiary of the Corporation. Additional information about Dundee 360 may be accessed at www.dundee360.com.

## SIGNIFICANT INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD

In the normal course of its business, the Corporation may, from time to time, acquire a sufficient equity interest in a public or private company that enables the Corporation to exert influence over the underlying investee. Generally, the Corporation would expect to exert influence over an underlying investee when it holds between 20% to 25% (but less than 50%) of an investee's equity. This influence may be manifested through representation on the board of directors, partaking in the investee's policy development and the interchanging of managerial personnel. When the equity method is used to account for ownership in an investee, the Corporation records the initial investment at cost, and then that value is adjusted every reporting period to reflect the changes in value due to the Corporation's share in the investee's income or loss or due to the Corporation's share in the investee's other comprehensive income. The Corporation assesses the resulting carrying value every period for possible impairment by comparing its equity accounted carrying value to the Corporation's determination of its recoverable amount. If the carrying value of an equity accounted investment exceeds its recoverable amount, the investment's carrying value is reduced to the recoverable amount and an impairment loss is recognized.

**Equity Accounted Investments at December 31, 2015**

At December 31, 2015, the Corporation accounted for nine of its investments using the equity method, including eight investments in private companies and one minor investment in a publicly listed company. These investments had an aggregate carrying value at December 31, 2015 of $172.7 million (2014 – $362.0 million).

| As at December 31, | | | | 2015 | | | 2014 |
|---|---|---|---|---|---|---|---|
| Trade Symbol | Investment | Ownership | Carrying Value | Market Value (i) | Ownership | Carrying Value | Market Value (i) |
| **Publicly Listed Equity Accounted Investments** | | | | | | | |
| ODX | Odyssey Resources Limited | 31% | $ 163 | $ 227 | 31% | $ 234 | $ 341 |
| DPM | Dundee Precious Metals Inc. | n/a | n/a | n/a | 25% | 191,704 | 95,771 |
| n/a | Eagle Hill Exploration Corporation | n/a | n/a | n/a | 29% | 2,810 | 2,810 |
| n/a | Ryan Gold Corp. | n/a | n/a | n/a | 20% | 2,574 | 2,574 |
| n/a | Corona Gold Corporation | n/a | n/a | n/a | 24% | 2,214 | 1,918 |
| | | | 163 | 227 | | 199,536 | 103,414 |
| **Privately Held Equity Accounted Investments** | | | | | | | |
| | Union Group International Holdings Limited | 40% | 68,007 | 68,007 | 40% | 52,018 | 52,018 |
| | Paragon Holdings (Smithe Street) ULC (ii) | 37% | 54,174 | 54,174 | 50% | 70,560 | 70,560 |
| | Android Industries, LLC | 20% | 28,265 | 28,265 | 20% | 21,847 | 21,847 |
| | Cambridge Medical Funding Group II, LLC | 50% | 11,507 | 11,507 | 50% | 10,683 | 10,683 |
| | Dundee Sarea Acquisition I Limited Partnership | 33% | 9,756 | 9,756 | 50% | 7,819 | 7,819 |
| | Dundee Sarea Limited Partnership | 34% | 356 | 356 | 34% | (463) | (463) |
| | Dundee Acquisition Ltd. | 98% | 444 | 444 | n/a | n/a | n/a |
| | Escal UGS S.L. (iii) | 14% | - | - | 14% | - | - |
| | | | 172,509 | 172,509 | | 162,464 | 162,464 |
| | | | **$ 172,672** | **$ 172,736** | | **$ 362,000** | **$ 265,878** |

*(i) The amount designated as the "market value" of privately held equity accounted investees is equal to their carrying value in the 2015 Audited Consolidated Financial Statements. The Corporation has not otherwise provided a valuation estimate of the market value of these investments.*

*(ii) The Corporation holds a 50% interest in Paragon Holdings (Smithe Street) ULC which holds a 74% interest in the Edgewater Casino Limited Partnership and the Parq resort real estate development project in Vancouver, giving the Corporation an effective 37% interest in these underlying projects.*

*(iii) Dundee Energy Limited's 74% owned subsidiary, Castor UGS Limited Partnership, holds a 33% interest in Escal giving Dundee Energy Limited an effective 25% interest and Dundee Corporation an effective 14% interest in Escal and its underlying projects.*

## Continuity in the Corporation's Portfolio of Equity Accounted Investments

| *For the year ended December 31, 2015* | |
|---|---|
| Carrying value of equity accounted investments, beginning of year | $ 362,000 |
| **Transactions during the year ended December 31, 2015** | |
| Transfer to investments at FVTPL | (216,204) |
| Cash invested in equity accounted investments | 2,844 |
| Share of earnings from equity accounted investments | 35,946 |
| Share of other comprehensive loss from equity accounted investments | (10,407) |
| Other | (1,507) |
| Carrying value of equity accounted investments, end of year | **$ 172,672** |

## Reclassifications of Investments from "Equity Accounted Investments" to "Investments at Fair Value Through Profit or Loss"

During 2015, the Corporation transferred $216.2 million from its portfolio of equity accounted investments to its portfolio of investments at fair value through profit or loss ("FVTPL").

The Corporation previously carried its 25% interest in Dundee Precious Metals Inc. (*"Dundee Precious"*), 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, on an equity basis. As a result of the repositioning by the Corporation of certain members of its senior management during the first half of 2015, the Corporation no longer has representation on the board of directors of Dundee Precious, nor does it have the contractual right to make such appointment. As a consequence, the Corporation determined that it was not capable of exerting significant influence over Dundee Precious and accordingly, the Corporation's investment in Dundee Precious was reclassified and designated as an investment at FVTPL. Prior to the reclassification of Dundee Precious as an investment at FVTPL, the Corporation had carried its investment at $211.2 million under the equity method.

In August 2015, Oban Mining Corporation (*"Oban"*) completed a plan of arrangement pursuant to which Oban acquired all of the common shares of each of Eagle Hill Exploration Corporation, Ryan Gold Corp. and Corona Gold Corporation in exchange for the issuance of common shares of Oban from its treasury. The Corporation received 7,694,311 common shares of Oban on the exchange, which the Corporation has classified as an investment at FVTPL. Prior to completion of the transaction with Oban as outlined above, the Corporation had accounted for its investments in each of Eagle Hill Exploration Corporation, Ryan Gold Corp. and Corona Gold Corporation on an equity basis, with a combined carrying value of $7.4 million.

In addition, the Corporation originally seeded investments in Dundee Sarea Acquisition I Limited Partnership and Dundee Acquisition Ltd. (see further discussion below) with $2.4 million. These investments were originally classified as investments at FVTPL. Following the start of business activities in each of these entities, these investments were reclassified to equity accounted investments.

**Significant Developments in Equity Accounted Investments**

*Union Group International Holdings Limited ("Union Group")*

Union Group (www.uniongrp.com) is a holding company with strategic investments in the power generation, oil and gas, infrastructure and logistics, agriculture, minerals, and real estate sectors, in Latin American countries such as Uruguay, Peru and Paraguay.

Since 2011, Union Group has been developing approximately 1,000 kilowatts ("MW") of new hydropower capacity in Peru, distributed across a portfolio of more than 15 run-of-river projects at various stages of development. The fabrication of power generation equipment, as well as the civil construction works to house the equipment for its first two hydro plants, El Carmen and 8 de Agosto (27 MW) have been completed and equipment installation is scheduled to be completed during the first half of 2016. The projects will be adding over 200 gigawatt hours of renewable energy per year to the national grid under a 20-year power purchase agreement with the Peruvian government. In 2015, Union Group welcomed a European bank as a strategic minority investor in these first two projects, with a US$25 million injection of capital. Union Group has a 5 MW plant in Junin province in Peru which is generating US$1.5 million EBITDA annually. The two hydropower plants in El Carmen and 8 de Agosto will become operational by the end of May 2016 and are expected to generate over US$10.3 million in EBITDA annually. The completion of these flagship projects is expected to kickstart the remainder of the projects in the pipeline as Union Group seeks co-investment partners. The strategic objective is to undertake a public listing of Union Group's energy division in 2017 as one of the largest run-of-river hydro companies in Latin America.

As part of its growth plan, Union Group completed the acquisition of Karpa, a hydro generation project of 20 MW of power, and with a 20-year power purchase agreement with the Peruvian government. The Karpa project is scheduled to become operational by April 2017. Additionally, Union Group has developed four other power generation projects that are now bidding for 20-year power purchase agreements with the Peruvian government.

Union Group also develops and operates oil and gas assets in the Andean States and Southern Cone regions of Latin America. During 2015, Union Group signed a joint venture agreement with ANCAP, and became the only private company in Uruguay to operate jointly with Uruguay's state-owned oil company. This joint venture arrangement will allow Union Group to continue to move forward with building oil and gas assets in the region in this difficult macro environment. In addition, Union Group has acquired a controlling stake in an oil and gas operator/owner of a high potential onshore block in Peru. Union Group has taken advantage of weak economic conditions in the oil and gas sector to expand its portfolio of assets with strategic acquisitions of exploration blocks in Bolivia, Paraguay and Peru. Union Group acquired these exploration blocks to position itself as a strategic holder of prime exploration acreages in the region.

Union Group continues to develop and operate infrastructure and logistics assets in Uruguay. Union Group operates a fleet of six ships with a total capacity of 10,000 tonnes. A general cargo ship, with capacity for 262 teu's (twenty-foot equivalent units) or deadweight of 3,144 tonnes, covers a regular route between the Port of Paysandú, on the shores of the Uruguay River, and Montevideo, with additional port calls in Nueva Palmira. Union Group also operates the Port of Paysandú, where it owns specialized lifting equipment. For inland navigation, Union Group operates a fleet of four barges, with a capacity of 1,700 tonnes each, and one pusher vessel that operates as a convoy. This fleet has been in operation since July 2014 and in 2015 the operations broke even with EBITDA of US$0.1 million.  Union Group expects that these operations will generate over US$1.0 million in EBITDA in 2016.

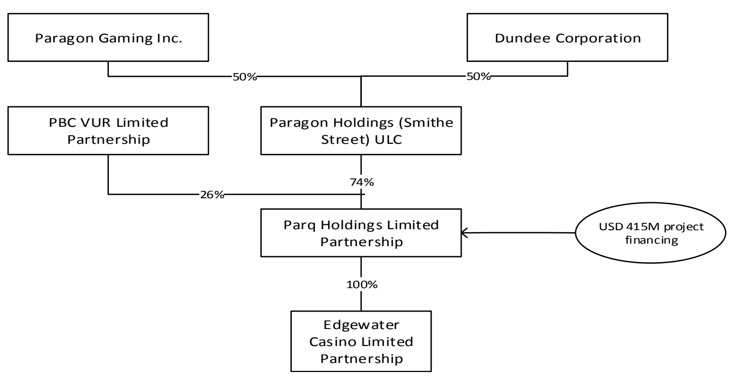
Union Group currently manages and invests in a diversified portfolio of prime real estate properties in Uruguay, including income generating, residential and coastline land properties. Union Group earns a nominal amount of rental income and primarily holds these real estate assets for capital appreciation.  It also holds a minority stake in Union Agriculture Group (www.uag.com.uy) which currently manages 170,000 hectares of farmland and is a leading producer of dry crops, rice, cattle, sheep and dairy products.

More recently, the Corporation and Union Group are collaborating on developing a strategy that will allow third party investors to participate in the continued growth of Latin America's most compelling economies.

In 2015, Union Group incurred losses of approximately US$4.2 million (2014 – US$2.7 million), primarily as a result of pre-operative expenses associated with an energy generating business.  The Corporation's share of these losses was $1.6 million (2014 – $1.1 million), offset by the recognition of a $10.9 million dilution gain resulting from the US$25 million equity investment by the European bank as noted above.  The Corporation has not committed any further funds to Union Group and it is not subject to any contingent obligations in respect of its investment.

*Paragon Holdings (Smithe Street) ULC ("Paragon Holdings")*

Paragon Holdings is a joint venture established between the Corporation and Paragon Gaming Inc., a Las Vegas-based casino resort developer and operator.  Paragon Holdings holds an indirect 73.46% interest in Parq Holdings Limited Partnership (of which the Corporation's share is 36.73%), a partnership established for the purpose of developing a Vancouver-based urban entertainment and leisure resort to be constructed adjacent to the B.C. Place stadium, and which will house the relocated Edgewater Casino (the "Parq Resort").  The remaining 26.54% interest in Parq Holdings Limited Partnership ("Parq") is owned by PBC VUR Limited Partnership, a partnership managed by PBC Real Estate Advisors Inc., an asset management company engaged in pursuing, developing, acquiring, funding and managing various real estate assets including land, real property and mortgages on behalf of its institutional client base.




The investors in Parq have entered into certain contracts pursuant to which entities jointly controlled by Dundee 360 and Paragon Gaming Inc. will assume responsibility for the development, construction and management of the new complex on a fee-for-service basis.  Once completed, the Parq Resort will feature two luxury hotels, a 60,000 square foot conference centre, five restaurants, three lounges, retail space, parking facilities and a new home for the existing Edgewater Casino.

In late 2014, Parq completed a US$415 million project financing arrangement for the development of the project, including a US$265 million first lien term loan bearing interest at the London Interbank Offered Rate plus 7.5% and maturing on December 31, 2020, and a US$150 million second lien term loan bearing interest at the London Interbank Offered Rate plus 12% and maturing on December 17, 2021. In connection with the project financing, the Corporation and certain affiliates of Paragon Gaming Inc., as co-guarantors, agreed to each provide a $17.5 million completion guarantee, for a total completion guarantee of $35 million, the terms of which would require the co-guarantors to pay for the construction of the resort up to each guarantor's $17.5 million guarantee in the event that certain terms of the financing agreements are not met, including cost overruns and delays, and shortfalls in the operations of the existing Edgewater Casino.

The release of funds pursuant to the project financing is conditional on certain criteria, including a certification from Parq and EllisDon Tishman Inc. ("EDT"), the general contractor of the project, with respect to the project being, among other things, on schedule. In March 2016, the monthly project financing was not released because the general contractor did not submit the required form of certification. EDT subsequently issued a notice of default for non-payment. Parq is currently in active discussions with EDT in order to expeditiously resolve these matters. The results of these discussions, and their ultimate economic impact on the project, cannot be ascertained at this time.

Paragon Holdings reported a net loss of $44.6 million in 2015, of which $16.4 million is attributed to each of the Corporation and Paragon Gaming, with the remaining loss of $11.8 million attributable to PBC VUR Limited Partnership. In addition, the Parq Resort project incurred interest expense of $52.1 million, all of which was capitalized to the development cost of the project.

*(in millions of dollars)*

| *Source of revenue and other items in net earnings or loss for the year ended December 31, 2015* | | Amounts Attributable to Dundee Corporation |
|---|---|---|
| Casino operations: | | |
| Revenue | $ 65.5 | $ 24.8 |
| Other items in net earnings* | (48.5) | (18.3) |
| | 17.0 | 6.5 |
| Foreign exchange loss | (58.0) | (21.7) |
| Other general and administrative costs | (0.2) | (0.1) |
| Loss from fair value changes in derivative instruments | (3.4) | (1.2) |
| | $ (44.6) | $ (16.5) |

* *Includes a deferred income tax recovery amount of $7.8 million.*

Exposure to changes in foreign exchange rates in the underlying Parq Resort project is partially mitigated, as the debt terms established a 30-month interest reserve to June 2017 that required the deposit of U.S. currency. During 2015, and in order to further protect against exposure to interest rate fluctuations and volatility between the U.S. and Canadian dollar, the Parq Resort project entered into two derivative instruments. A cross currency swap was established on October 1, 2015, pursuant to which the Parq Resort project exchanged its first lien US$237.9 million floating rate debt for $315.5 million Canadian fixed rate debt at 10.1% and it exchanged US$150.0 million of its second lien floating rate debt for $198.9 million Canadian fixed rate debt at 14.6%. The derivative instrument expires on March 31, 2019, when it is anticipated that all or a portion of debt will be renegotiated. In addition, the project has entered into a forward contract to buy approximately $90 million of potential principal repayment at an exchange rate of 1.326 Canadian to 1.00 U.S. until March 31, 2019. The project will progressively enter into additional hedges if foreign exchange rates reach certain pre-determined thresholds.

*Android Industries, LLC ("Android")*

The Corporation holds a 20% interest in Android (www.android-ind.com), a private company and leading high technology-enabled assembler and sequencer of complex assemblies for the automotive industry operating out of Michigan, United States.

This engineering based company applies lean manufacturing principles to deliver a high value product. Under its most comprehensive system, Android applies its expertise in supply chain management to purchase parts globally, manage currency exposure, and manage inventory. Under this model, Android owns all materials, issues and maintains contracts with a component supply base, and assembles finished parts or modules and delivers the finished goods to the customer just in time and in the proper build sequence, essentially dealing with customer requirements from start to finish.

Although initially developed for the automotive industry, the processes and equipment that have been developed by Android are expected to have applicability across components and other industries.

Android continues to expand its business internationally with facilities in the U.S., Canada, Mexico, Spain, Brazil, and Turkey. Android established several contracts with new customers in 2015, and is making solid strides to position itself as a key and strategic component in the global supply chain for its customers.

In 2015, Android reported earnings before interest expense, and members' distribution for income taxes, of US$24.7 million. The Corporation's share of equity earnings from its investment in Android was $3.6 million (2014 – $0.8 million). In addition, the Corporation has received distributions of $1.5 million in 2015.

*Cambridge Medical Funding Group II, LLC ("Cambridge Medical")*

Cambridge Medical is a private, U.S.-based consortium with a focus on purchasing insured medical receivables. Using proprietary software and sourcing, Cambridge Medical funds and purchases medical receivables from clinics servicing Workers' Compensation claims and manages the collection and adjudication process. Cambridge Medical continues to grow its business organically and is seeing the benefits of improved efficiencies and business intelligence made possible through their proprietary Rete software. Cambridge Medical believes that it is poised to significantly increase its funding and collection activities in 2016 through the acquisition of new clients and portfolios. The Corporation has invested US$10.0 million to acquire a 50% interest in Cambridge Medical. The Corporation has also advanced a further US$1.0 million to Cambridge Medical to assist with short-term working capital requirements as Cambridge Medical expands its funded base of medical claims.

The Corporation recognized a loss of $0.2 million as its share of losses incurred by Cambridge Medical during 2015 (2014 – $0.6 million).

*Dundee Sarea Limited Partnership ("Dundee Sarea LP")*

Dundee Sarea LP (www.dundeesarea.com) is a private equity firm investing in special situations companies that require a constructive, long term partner to drive meaningful change and growth. Through limited partnership investment vehicles, Dundee Sarea LP makes equity investments in mid-market companies that are in need of a financial restructuring or an operational turnaround. Supported by a group of professionals with hands-on turnaround experience, Dundee Sarea's business model encompasses the investment of more than just capital to difficult situations. Instead, these professionals become actively involved in realigning strategy and improving performance.

During 2015, Dundee Sarea LP announced that, in partnership with the Caisse de dépôt et placement du Québec, it had raised an initial committed amount of $112.5 million towards the creation of its first limited partnership, Dundee Sarea Acquisition I Limited Partnership (see below), including $37.5 million of committed capital from the Corporation.

In 2015, the Corporation recognized earnings of $0.8 million from its 34% interest in Dundee Sarea LP.

*Dundee Sarea Acquisition I Limited Partnership ("Dundee Sarea Fund")*

Dundee Sarea Fund will use the capital committed by its limited partners, aggregating $112.5 million at December 31, 2015, to invest in companies requiring turn-around expertise in North America and Europe, with a focus on manufacturing distribution, industrial products, agriculture, oil & gas and forestry-related industries. The Corporation originally invested in Dundee Sarea during 2014, and it has committed capital of $37.5 million towards this venture, representing an interest of 33%.

At December 31, 2015, Dundee Sarea Fund's sole investment consisted of a 100% ownership in Redecam Group S.p.A. ("Redecam"). Based in Milan, Italy, Redecam offers highly engineered air pollution control solutions helping customers all over the globe meet their air emission reduction targets rapidly and cost-effectively. Their track record is strong with over 2,000 projects in more than 85 countries and on every continent. Over the past 30 years, Redecam has designed, manufactured, installed and commissioned new market-leading industrial air filtration and flue gas treatment systems that consistently outperform and outlast the competition. They also specialize in customized retrofit, transformation and upgrade solutions, which use clients' existing equipment's casing and parts and offer them a cost-effective, high performance solution with a quick turnaround.

At December 31, 2015, the Corporation had invested an aggregate of $11.3 million into the venture, representing approximately 30% of its committed amount.

In 2015, the Corporation's share of equity earnings from its investment in Dundee Sarea Fund was $1.0 million, including the recognition of a dilution gain of $1.5 million, following the addition of committed capital by the Caisse de dépôt et placement du Québec

*Dundee Acquisition Ltd. ("Dundee Acquisition")*
On March 5, 2015, the Corporation created Dundee Acquisition (www.dundeeacquisition.com), a special purpose acquisition corporation ("SPAC"). A SPAC is a publicly traded corporation that has no operating business and uses the money raised from the sale of equity in an initial public offering to finance an acquisition or merger of one or more businesses or assets by way of a merger, share exchange, asset acquisition, share purchase, reorganization, or any other similar business combination (a "Qualifying Acquisition").

Dundee Corporation founded Dundee Acquisition with an initial subscription of class B common shares with a value of $25,000 or $0.008 per share. On April 21, 2015, Dundee Acquisition completed an initial public offering of its class A restricted voting units at $10.00 per unit, each unit consisting of a class A restricted voting share, and one-half of a warrant, each whole warrant entitling the holder to purchase an additional share of Dundee Acquisition at $11.50 per share, subject to certain conditions as outlined in the prospectus supporting the initial public offering. Dundee Acquisition raised aggregate proceeds of $112.3 million pursuant to the initial public offering, including proceeds received on the exercise of an over-allotment option granted to its underwriters. In connection with the initial public offering and its role as sponsor of Dundee Acquisition, Dundee Corporation acquired 430,750 additional class B common shares of Dundee Acquisition at $10.00 per unit.

At December 31, 2015, Dundee Acquisition had 14,575,937 shares outstanding, comprised of 11,230,000 class A restricted voting shares and 3,345,937 class B common shares. Dundee Corporation held 3,272,677 class B common shares, representing 22% of the aggregate issued and outstanding shares of Dundee Acquisition. Accordingly, the Corporation is accounting for its investment in Dundee Acquisition as an equity accounted investment.

The class A restricted voting shares of Dundee Acquisition provides the holders with the right to redeem their shares in the event that a Qualifying Acquisition is not completed within 21 months from the closing of the initial public offering, or in certain other conditions as outlined in the prospectus and, as such, the class A restricted voting shares of Dundee Acquisition have been classified as debt in Dundee Acquisition's financial statements. As a result, the equity of Dundee Acquisition consists solely of its class B common shares, of which the Corporation holds 98%.

In connection with the initial public offering, Dundee Acquisition placed $10.00 per class A restricted voting share into an escrow account to settle any redemption requirement. The Corporation, as founder and sponsor of Dundee Acquisition, does not have access to these funds to fund ongoing operations, including legal and due diligence work necessary to complete a Qualifying Acquisition. Dundee Corporation has also executed a make-whole agreement and undertaking in favour of Dundee Acquisition, whereby Dundee Corporation has agreed to indemnify Dundee Acquisition in certain limited circumstances where the funds held in escrow are reduced to below $10.00 per class A restricted voting share.

During 2015, the Corporation recognized a loss of $3.9 million from its investment in Dundee Acquisition.

*Escal UGS S.L. (“Escal”)*

Escal was the original developer of a Spanish infrastructure undertaking that converted an abandoned oilfield to a natural gas storage facility (the “Castor Project”). Escal is incorporated under Spanish jurisdiction. ACS Servicios Communicaciones y Energia S.L. (“ACS”), a construction group in Spain, is a 67% shareholder of Escal. Dundee Energy, through its 74% interest in Castor UGS Limited Partnership (“CLP”) holds the remaining 33% interest in Escal, providing the Corporation with an effective 14% interest in the Castor Project.

In September 2013, the Spanish authorities mandated suspension of activities at the Castor Project, following micro-seismic activity detected in the surrounding area. Escal subsequently considered options available in respect of the Castor Project and in July 2014, Escal determined that it was appropriate to exercise its right under the underground gas storage concession to relinquish the concession to the Spanish authorities. In October 2014, the Spanish government approved a royal decree, which formally accepted the relinquishment and acknowledged termination of the concession.

In November 2014, and under the terms of the relinquishment, Escal received €1.35 billion, being the net value of its investment in the Castor Project, after deducting €110 million previously received by Escal during the pre-commissioning stage of development. These proceeds were applied towards the partial repayment of the €1.41 billion of outstanding bonds issued by Watercraft Capital S.A., Escal's financing vehicle.

The royal decree mandates that the Castor Project remain mothballed until the Spanish government is satisfied with technical studies and reports on any future commissioning of such facilities. Enagás Transporte, S.A.U., an affiliate of the technical manager of the Spanish gas system, has been tasked with completing these studies and it is entrusted with the ongoing care and maintenance of the facilities. Notwithstanding the assumption of ongoing care and maintenance by Enagás Transporte, S.A.U., Escal and its shareholders remain responsible for any possible flaws or defects in the facilities associated with the Castor Project that become apparent during the 10 years following the issuance of the royal decree.

In November 2015, the Spanish authorities determined that Escal was entitled to €253.3 million of additional remuneration, and to reimbursement of operating and maintenance costs of an additional €46.7 million. Escal currently anticipates that approximately 75% of these amounts will be received in late 2016, with the balance to be received, subject to interest at 1.2%, over a 15-year period. CLP anticipates that all amounts to be received by Escal pursuant to such arrangements will be applied to reduce debt outstanding in Escal, as further described below.

In November 2014 and following relinquishment of the Castor Project, ACS arranged a €300 million bank financing for Escal. At that time, €60 million of the bank facility was applied to repay the balance of all amounts owing pursuant to the outstanding bond arrangements. The remaining €240 million available pursuant to the bank line were used by Escal to repay Escal’s shareholder loans solely to ACS. CLP is of the view that the new financing arranged by ACS was not in the best interest of Escal and consequently, CLP has lodged a legal action challenging the approval of the new financing. Furthermore, in the opinion of CLP, the use of the €240 million in payment of subordinated loans solely to ACS contravenes the terms of the 2007 memorandum of understanding in respect of CLP’s ownership rights in the equity and shareholder loans of Escal. Therefore, early in the second quarter of 2015, CLP commenced binding arbitration proceedings to resolve this contractual dispute with ACS. As required pursuant to the terms of the memorandum of understanding referred to above, the arbitration will be in accordance with the rules of the International Chamber of Commerce (“ICC”) in Paris, and will be heard by an arbitral tribunal consisting of three arbitrators. CLP has initiated the assembly of the necessary documents in support of its claim for eventual transmission to the court. Evidentiary hearings are expected to commence in mid-2016.

### Earnings and Losses from Equity Accounted Investments

| *For the years ended December 31,* | 2015 Equity Earnings (Losses) | 2015 Dilution Gains | 2015 Total | 2014 Equity Earnings (Losses) | 2014 Dilution Gains (Losses) | 2014 Total |
|---|---|---|---|---|---|---|
| Paragon Holdings (Smithe Street) ULC | $ (16,386) | $ - | $ (16,386) | $ (1,490) | $ 17,225 | $ 15,735 |
| Union Group International Holdings Limited | (1,605) | 10,888 | 9,283 | (1,133) | - | (1,133) |
| Android Industries, LLC | 2,127 | 1,511 | 3,638 | 627 | 186 | 813 |
| Cambridge Medical Funding Group II, LLC | (263) | 92 | (171) | (600) | - | (600) |
| Dundee Sarea Acquisition I Limited Partnership | (516) | 1,549 | 1,033 | (955) | - | (955) |
| Dundee Sarea Limited Partnership | 819 | - | 819 | (462) | - | (462) |
| Dundee Acquisition Ltd. | (4,759) | 871 | (3,888) | - | | - |
| Dundee Precious Metals Inc. | 41,693 | 187 | 41,880 | (15,336) | (411) | (15,747) |
| Others | (307) | 45 | (262) | (11,245) | 1,244 | (10,001) |
| | 20,803 | 15,143 | 35,946 | (30,594) | 18,244 | (12,350) |
| Real estate joint venture investments | (181) | - | (181) | 379 | - | 379 |
| | **$ 20,622** | **$ 15,143** | **$ 35,765** | **$ (30,215)** | **$ 18,244** | **$ (11,971)** |

| *For the three months ended December 31,* | 2015 Equity Earnings (Losses) | 2015 Dilution Gains | 2015 Total | 2014 Equity Earnings (Losses) | 2014 Dilution Gains (Losses) | 2014 Total |
|---|---|---|---|---|---|---|
| Paragon Holdings (Smithe Street) ULC | $ (1,894) | $ - | $ (1,894) | $ 517 | $ 17,225 | $ 17,742 |
| Union Group International Holdings Limited | (452) | - | (452) | (483) | - | (483) |
| Android Industries, LLC | 505 | 1,511 | 2,016 | 1,315 | 186 | 1,501 |
| Cambridge Medical Funding Group II, LLC | (200) | - | (200) | (93) | - | (93) |
| Dundee Sarea Acquisition I Limited Partnership | (229) | 4 | (225) | (955) | - | (955) |
| Dundee Sarea Limited Partnership | (8) | - | (8) | (462) | - | (462) |
| Dundee Acquisition Ltd. | 997 | - | 997 | - | - | - |
| Dundee Precious Metals Inc. | 41,518 | - | 41,518 | 6,316 | 237 | 6,553 |
| Others | (29) | - | (29) | (9,250) | 285 | (8,965) |
| | 40,208 | 1,515 | 41,723 | (3,095) | 17,933 | 14,838 |
| Real estate joint venture investments | (324) | - | (324) | 292 | - | 292 |
| | **$ 39,884** | **$ 1,515** | **$ 41,399** | **$ (2,803)** | **$ 17,933** | **$ 15,130** |

In addition to its share of earnings of its equity accounted investments, in 2015, the Corporation recognized $9.1 million in comprehensive losses relating to these investments. Included in this amount is $41.5 million of foreign currency translation gains relating to the Corporation's investment in Dundee Precious, which amount was transferred from other comprehensive income to the net loss, concurrent with the reclassification of Dundee Precious as an investment accounted for under the equity method to an investment at FVTPL.

# OTHER PORTFOLIO INVESTMENTS

**Portfolio of Investments at December 31, 2015**

| | Ownership | Ticker Symbol | (000's) # of Shares Held | Per Share Price | Market Value as at December 31, 2015 |
|---|---|---|---|---|---|
| **Publicly Traded Securities** | | | | | |
| DREAM Unlimited Corp. | 29% | DRM | 21,636.3 | $7.27 | $ 157,296 |
| Dundee Precious Metals Inc. | 25% | DPM | 35,470.8 | $1.28 | 45,403 |
| Newfoundland Capital Corporation | 6% | NCC/A | 1,266.7 | $10.85 | 13,744 |
| Oban Mining Corporation | 13% | OBM | 7,694.3 | $1.19 | 9,157 |
| Skyline International Development Inc. | 7% | SKLN | 1,122.3 | $8.80 | 9,880 |
| Others | | | | | 38,769 |
| | | | | | 274,249 |
| **Private Investments (note 1)** | | | | | |
| TauRx Pharmaceuticals Ltd. | 4% | | | | 78,000 |
| Pan African Minerals Limited | 11% | | | | 4,916 |
| Red Leaf Resources Inc. | 2% | | | | 11,883 |
| Others | | | | | 29,309 |
| | | | | | 124,108 |
| **Mutual Funds and Other Short Term Investments** | | | | | |
| DMP Resource Class | | | 8.6 | $5.84 | 50 |
| | | | | | 50 |
| **Debt Securities** | | | | | |
| Publicly Traded Debt Securities | | | | | 7,559 |
| Debt Securities Owing from Public Enterprises (note 1) | | | | | 6,121 |
| Debt Securities Owing from Private Enterprises (note 1) | | | | | 26,450 |
| | | | | | 40,130 |
| **Warrants and Options (note 1)** | | | | | |
| Warrants or options on shares of publicly listed enterprises | | | | | 91 |
| | | | | | 91 |
| **TOTAL – PORTFOLIO INVESTMENTS** | | | | | **$ 438,628** |

1. *These investments are not traded on a prescribed exchange, therefore, market values of these investments were determined by application of valuation methodologies appropriate for such investments (see note 32 to the 2015 Audited Consolidated Financial Statements for further information on valuation methodologies applied for such investments).*

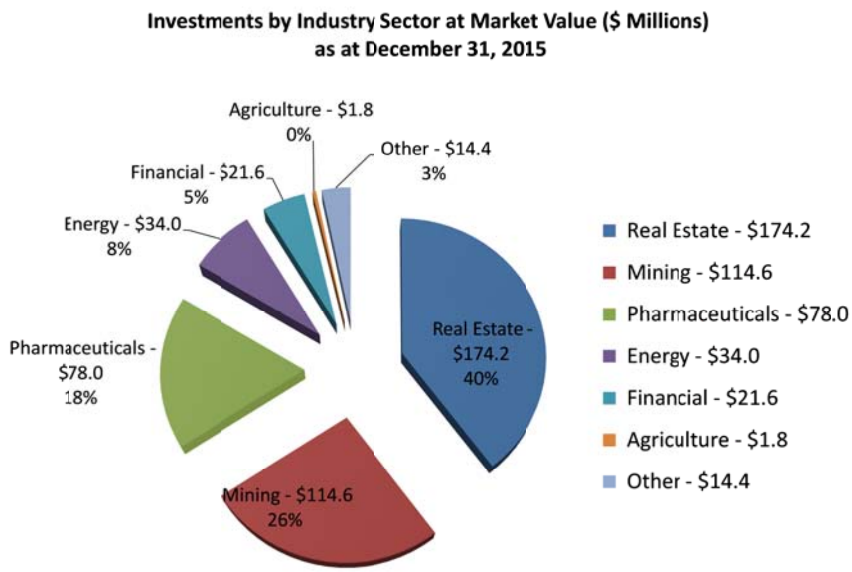
At December 31, 2015, the estimated market value of the Corporation's portfolio of investments carried at FVTPL was $438.6 million, a decrease of $215.1 million from an estimated market value of these investments of $653.7 million at December 31, 2014.

| | For the three months ended December 31, 2015 | For the year ended December 31, 2015 |
|---|---|---|
| Market value of portfolio investments, beginning of period | $ 479,802 | $ 653,696 |
| **Transactions during the period ended December 31, 2015** | | |
| New investments | 1,842 | 11,626 |
| Proceeds from sales of investments | (6,851) | (169,414) |
| Changes in market values | | |
| Dundee Precious Metals Inc. | (31,569) | (165,781) |
| DREAM Unlimited Corp. | 5,193 | (49,763) |
| Others | (11,389) | (64,031) |
| Transfer from equity accounted investments | - | 216,204 |
| Other transactions | 1,600 | 6,091 |
| Market value of portfolio investments, end of period | **$ 438,628** | **$ 438,628** |

In 2015, the Corporation generated proceeds of $169.4 million from the sale of certain of its investments. Proceeds include $58.9 million received from the settlement of a previously issued demand note to DREAM Unlimited Corp., and a further $31.0 million from the repayment of amounts previously provided to DREAM Global Real Estate Investment Trust. Additional proceeds of $26.0 million were realized on the sale of the Corporation's interest in Catalyst Fund Limited Partnership III.

Changes in the market value of investments further reduced the value of the Corporation's portfolio of investments at FVTPL by $279.6 million, reflecting decreases in market values, primarily resulting from the weakening demand for resources, as well as declining commodities prices. Included in the change in market values in 2015 is $165.8 million relating to the Corporation's investment in Dundee Precious, which had previously been accounted for as an equity accounted investment, and $49.8 million relating to the Corporation's investment in DREAM Unlimited Corp.

At December 31, 2015, the Corporation's portfolio of investments continued to include several public and private investments, as well as certain debt securities across a variety of industry sectors.




*Investment in DREAM Unlimited Corp. ("DREAM")*

DREAM (TSX: DRM) is one of Canada's leading real estate companies with approximately $15 billion of assets under management in North America and Europe. The scope of DREAM's business includes residential land development, housing and condominium development, asset management, investments in and management of Canadian renewable infrastructure, and commercial property ownership. In 2015, DREAM reported revenues of $333.4 million and net earnings of $173.8 million.

Condominium development projects continue to generate solid returns for DREAM. During 2015, DREAM developed the $800 million Pan Am Games Village in Toronto, Ontario, receiving notable reviews for the architecture and livability of the community. DREAM has a significant already-paid-for land bank for further development and, as part of these projects, DREAM will develop retail space to service the needs of an increased population density. Once completed and tenant-occupied, these urban retail assets will provide ongoing income and cash flow to DREAM.

While the housing business in western Canada was clearly affected by a declining economy, DREAM received significant land approvals in 2015 for the development of the 650 acre "Providence Area Structure Plan" in Calgary, Alberta. This innovative plan has been designed to incorporate residential, commercial, institutional and industrial development. With accommodation for 32,000 future residents, Providence is designed to function as a "city within a city". DREAM expects that the detailed planning and development of this project could commence as early as 2017 and could yield over 3,000 single and multi-family residential units and 5 million square feet of commercial space over the next 15 years.

DREAM is also pursuing development of commercial property. In early 2015, DREAM announced a joint venture with Canadian Pacific Railways ("CP"). Leveraging its experience and recognized sector expertise, DREAM will identify and develop surplus assets from CP's real estate portfolio.

DREAM's asset management business consists of a team of real estate and infrastructure professionals with backgrounds in property management, architecture, urban planning, engineering, development, construction and finance. Fee earning assets under management were approximately $5.1 billion at December 31, 2015 and generated revenues of $33.7 million.

DREAM completed two financing transactions during 2015. These financings include a new three-year $175 million secured facility, and an amendment to its existing $290 million operating facility, which significantly improves liquidity and adds financial strength to DREAM in the current uncertain environment. At December 31, 2015, DREAM had in excess of $160 million of borrowing capacity.

Dundee Corporation currently holds a 29% interest in DREAM, with a market value at December 31, 2015 of $157.3 million. Additional information regarding DREAM is available at www.dream.ca.

*Dundee Precious Metals Inc.("Dundee Precious")*
Dundee Precious (www.dundeeprecious.com) 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. Dundee Precious seeks to operate, acquire, finance and develop low-cost, long-life mining properties.

Despite weakness in the price of gold in 2015, the outlook for Dundee Precious' core businesses continue to be robust. Dundee Precious' two key attributes in a low commodity price environment are the low by-product cash costs of gold production at its main producing mine in Bulgaria (the "Chelopech Mine"), and its ownership of the Tsumeb smelter in Namibia.

During 2015, Dundee Precious produced gold on a net by-product basis of US$377.00 per ounce, and US$620.00 per ounce on an all in sustaining cost basis, both on a consolidated basis. This low cash-cost has helped Dundee Precious sustain operations during the challenging commodity price environment in 2015 for gold and copper.

The Chelopech Mine produces a complex concentrate that would normally place the producer at risk for both pricing and access to smelting capacity. However, Dundee Precious has mitigated this potential risk through vertical integration of the operations at the Chelopech Mine with the Tsumeb smelter in Namibia, where Dundee Precious has established a secure and cost managed means to treat the product.

In addition to the Chelopech Mine and the Tsumeb smelter, Dundee Precious also holds interests in a number of developing gold properties located in Bulgaria, Serbia, and northern Canada, including the Krumovgrad project and interests held through its 50.1% owned subsidiary, Avala Resources Ltd., and its 11.8% interest in Sabina Gold & Silver Corp.

Subsequent to year end, Dundee Precious announced the sale of its Kapan mine in Armenia to Polymetal International Plc ("Polymetal"). Under the proposed transaction, Dundee Precious, or a subsidiary thereof, will receive consideration consisting of (i) US$10 million in cash from Polymetal (subject to a working capital adjustment following closing), (ii) US$15 million in Polymetal ordinary shares, and (iii) a 2% net smelter royalty on future production from the Kapan property. Dundee Precious will continue to maintain a presence in Armenia through joint venture arrangements in respect of certain exploration assets in the central part of the country.

Dundee Corporation currently holds a 25% interest in Dundee Precious with a market value of $45.4 million at December 31, 2015. As previously indicated, during 2015, the Corporation determined that it no longer exerted significant influence over the operations and financial results of Dundee Precious, and therefore reclassified and designated its interest in Dundee Precious as an investment at FVTPL.

*Newfoundland Capital Corporation ("NCC")*
NCC owns and operates Newcap Radio, which is Canada's largest pure-play radio company with 80 FM and 15 AM licenses which can be heard throughout Canada. In 2014, NCC completed the largest business acquisition in its history when it acquired two radio stations in Toronto, Ontario and three radio stations in Vancouver, British Columbia. As a result of this acquisition, NCC's revenues increased to $164.6 million during 2015, and net earnings increased to $23.2 million.

The Corporation currently holds a 6% interest in NCC with a market value on December 31, 2015 of $13.7 million. NCC shares are traded on Toronto Stock Exchange under the symbols NCC.A and NCC.B. Additional information regarding NCC is available at www.ncc.ca.

*Oban Mining Corporation ("Oban")*
Oban is a mineral exploration company focused on the acquisition, exploration, and development of precious metal resource properties in Canada. Oban's flagship project is the high-grade Windfall Lake gold deposit located between Val-d'Or and Chibougamau in Quebec. Oban holds a 100% undivided interest in a large area of claims in the Urban Barry area of Quebec, a 100% interest in the Garrison project east of Matheson, Ontario, as well as additional projects in Timmins, Ontario.

In August 2015, Oban completed a plan of arrangement pursuant to which Oban acquired all of the common shares of Eagle Hill Exploration Corporation, Ryan Gold Corp. and Corona Gold Corporation in exchange for Oban's common shares from its treasury. The Corporation received 7,694,311 common shares of Oban pursuant to the plan of arrangement, which the Corporation has classified as an investment at FVTPL. At December 31, 2015, the Corporation held a 13% interest in Oban, with a market value of $9.2 million.

Subsequent to December 31, 2015, Oban announced the successful completion of the acquisition of NioGold Mining Corp. a mineral exploration and development company focused on gold and located in Quebec's Abitibi gold mining district. As a result of this transaction, the Corporation's holdings will be diluted to approximately 6%.

Oban shares are traded on Toronto Stock Exchange under the symbol OBM. Additional information regarding Oban is available at www.obanmining.com.

*Skyline International Development Inc. ("Skyline")*
Skyline is a leading Toronto-based developer of hospitality properties and destination communities. Skyline owns over two million square feet of real estate, has over 2,600 acres with development rights for almost 7,000 residential units and nearly 1,300 hotel rooms in its holdings. Its portfolio includes part ownership of Toronto's Omni King Edward Hotel, as well as ownership of, under the Skyline brand, the Pantages Hotel and Spa. Skyline's resort assets include the Deerhurst and Horseshoe resorts in Muskoka, Ontario. In addition, Skyline has a 50% ownership of the retail component in both the village and surrounding golf course at Blue Mountain and the remaining developable land. Finally, in 2014 Skyline acquired Bear Valley ski resort in California, expanding its American asset base which already included the ownership of the Hyatt Regency Arcade hotel and shopping center in Cleveland, Ohio.

At December 31, 2015, the Corporation held a 7% interest in Skyline with a market value of $9.9 million. Skyline's shares are traded on the Tel Aviv Stock Exchange under the symbol SKLN. Additional information regarding Skyline is available at www.skylineinvestments.com.

*Investment in TauRx Pharmaceuticals Ltd. ("TauRx")*
TauRx is a private neuroscience company focused on the discovery, development and commercialization of products for the diagnosis and treatment of neuro-degenerative diseases caused through protein aggregation. The business was established in 2002 with the aim of discovering novel approaches to the treatment and diagnosis of Alzheimer's Disease ("AD") as well as other neurological diseases characterized by abnormal aggregation of the Tau protein within the brain.

TauRx is currently undertaking a substantial Phase 3 clinical trial program using LTMX™, a drug targeted at treatment of mild to moderate AD and behavioral variant Frontotemporal Dementia ("BvFTD"). The Phase 2 clinical trial, completed using LTMX™'s predecessor drug (MTC™), was conducted in over 300 patients and, according to the company, showed a 90% reduction in the rate of disease progression in its first year and provided strong evidence that this approach to treatment may be capable of arresting the progression of the disease over one to two years in those with mild AD. The active ingredient was reformulated to its current form in order to address dose-dependent absorption limitations found with MTC™.

During the fourth quarter of 2015, TauRx announced completion of the final tranche of a US$135.0 million equity financing that it launched in March 2015. The funds were raised at an average price of US$55.50 per share, and will support ongoing Phase 3 trials to validate the efficacy of LMTX™. Phase 3 trials are broken down into three groups: TRx 005, TRx 007 and TRx 015. The TRx 005 represents an 18 month study working with approximately 800 mild AD patients; TRx 007 represents a 12 month study working with approximately 220 BvFTD patients; and TRx 015 represents a 15 month study working with approximately 890 mild to moderate AD patients. Results from the TRx 015 trial are expected to be available in the first half of 2016 with the remaining Phase 3 trials expected in the second half of 2016.

At December 31, 2015, the Corporation held a 4% interest in TauRx. In determining the fair value of its interest, the Corporation applied a value per share of US$55.50, the equivalent of the average price of shares issued from treasury during 2015. Additional information regarding TauRx may be accessed at www.taurx.com.

*Investment in Pan African Minerals ("Pan African")*

Pan African is a privately held, mineral exploration and development company focused on the acquisition, exploration and development of mineral assets in western Africa. Pan African's principal assets currently comprise the 90%-owned Tambao manganese project in Burkina Faso and the 70%-owned Mount Klahoyo magnetite iron ore project in Ivory Coast. Pan African also has uranium exploration licenses in Niger.

During 2015, political unrest in Burkina Faso caused delays in the production ramp up schedule and in March 2015, production and exports were temporarily suspended. On December 18, 2015, the suspensions on the licenses and permits were lifted and Pan African is in the planning process of restarting manganese oxide production.

Dundee Corporation currently owns a 11% interest in Pan African with a market value of $4.9 million at December 31, 2015. Additional information regarding Pan African may be accessed at www.panafricanmineralssa.com.

*Investment in Red Leaf Resources Inc. ("Red Leaf")*

Red Leaf is a privately held oil and gas technology company. Red Leaf's patented technology, EcoShale, is a next generation oil and gas recovery technology focused on unlocking oil reserves in oil shale deposits. EcoShale extracts oil with relatively low energy consumption, low emissions and low water utilization when compared with other oil shale technologies currently deployed in the world. The addressable market for EcoShale is quite extensive; globally there are approximately 5.2 trillion barrels of oil shale in place resources, with 4.2 trillion barrels of those resources in the United States alone.

In March 2015, Red Leaf announced the suspension of the ramped-up construction of the Early Production System ("EPS"), the first commercial demonstration project of the EcoShale technology, for up to two years. In part, this decision was a result of the low oil price environment, but it will also provide Red Leaf time to improve the technology with a view to increase product yield and reduce costs, both leading to an improvement in commerciality. At the time of the announcement, ramped-up construction was expected to restart in the second half of 2017 with first oil expected in late 2018. Red Leaf anticipates that its joint venture partner, Total E&P USA Oil Shale, LLC, will ultimately pay Red Leaf through to 2019 for a number of different expenses incurred in 2015 and 2016 in connection with the adjustment to the EPS construction schedule.

Dundee Corporation holds a 2% interest in Red Leaf with a market value of $11.9 million at December 31, 2015. Additional information regarding Red Leaf may be accessed at www.redleafinc.com.

## SELECTED ANNUAL INFORMATION

| *As at and for the years ended December 31,* | | 2015 | | 2014 | | 2013 |
|---|---|---|---|---|---|---|
| Revenues | $ | 280,692 | $ | 311,468 | $ | 200,678 |
| | | | | | | |
| Net loss from continuing operations | | | | | | |
| attributable to owners of the parent | $ | (459,118) | $ | (318,420) | $ | (92,625) |
| Loss per share from continuing operations | | | | | | |
| Basic | $ | (7.99) | $ | (5.93) | $ | (1.88) |
| Diluted | $ | (7.99) | $ | (5.93) | $ | (1.88) |
| | | | | | | |
| Net (loss) earnings attributable to owners of the parent | $ | (459,118) | $ | (318,420) | $ | 534,084 |
| (Loss) earnings per share | | | | | | |
| Basic | $ | (7.99) | $ | (5.93) | $ | 9.71 |
| Diluted | $ | (7.99) | $ | (5.93) | $ | 9.71 |
| | | | | | | |
| Total assets | $ | 2,241,034 | $ | 2,797,105 | $ | 2,982,359 |
| Total liabilities | $ | 1,159,887 | $ | 1,222,240 | $ | 1,154,534 |
| | | | | | | |
| Dividends per share | | | | | | |
| Subordinate Voting Shares | $ | - | $ | - | $ | - |
| Class B Common Shares | $ | - | $ | - | $ | - |
| Preference Shares, series 1 | $ | - | $ | - | $ | 0.52 |
| Preference Shares, series 2 | $ | 1.42 | $ | 1.62 | $ | 1.69 |
| Preference Shares, series 3 | $ | 1.18 | $ | 0.32 | $ | - |
| Preference Shares, series 4 | $ | 0.89 | $ | 0.89 | $ | 0.52 |

## PERFORMANCE MEASURES

The Corporation believes that important measures of its operating performance, as well as that of its subsidiaries, include certain metrics 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 qualitative insight into net earnings and cash flows.

- **"AUA" or "Assets under Administration"** represent the approximate period-end value of client assets administered by the Corporation's brokerage subsidiaries and in respect of which these subsidiaries earn 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 value of client assets managed by the Corporation's wealth management 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.

- **"Contingent Resources"** are those quantities of oil estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent resources are further classified in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.

- **"Contingent Resources - 2C"** are considered to be the best estimate of the quantity that will actually be recovered from the Contingent Resources. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability that the quantities actually recovered will equal or exceed the best estimate.

- **"Contingent Resources - 3C"** are considered to be the optimistic estimate of the quantity that will actually be recovered from the Contingent Resources. It is unlikely that the actual remaining quantities recovered will exceed the high estimate. If probabilistic methods are used, there should be at least a 10 percent probability that the quantities actually recovered will equal or exceed the high estimate.

- **"Contingent Resources - 3C net of 2C"** are considered to be the additional quantity of 3C that will actually be recovered above the 2C.

- **"Contribution Margin" or "Margin"** is an important measure of earnings in certain business segments and generally represents core revenues less cost of sales. Margin generally excludes general and administrative expenses, interest expense, and income taxes and may also exclude depreciation and depletion of assets not directly associated with the activities of producing or extracting product for sale.

- **"Earnings Before Interest, Taxes, Depreciation and Amortization" or "EBITDA"** is a measure of a company's operating performance and can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.

- **"Market Value"** or **"Fair Value"** of an investment is generally determined using quoted market prices on prescribed stock exchanges for investments that are publicly traded. Market value or fair value of an investment that is privately held is determined by reference to valuation methodologies appropriate for the investment.

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

- **"Prospective Resources"** are defined as those quantities of oil estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.

- **"Prospective Resources – Best Estimate"** are considered to be the best estimate of the quantity of prospective resources that will actually be recovered. It is equally likely that the actual remaining quantities recovered will be greater or less than the best estimate. If probabilistic methods are used, there should be at least a 50 percent probability that the quantities actually recovered will equal or exceed the best estimate.

- **"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.

- **"Shareholders' Equity on a Per Share Basis"** is calculated by dividing the carrying value of the Corporation's shareholders' equity in accordance with IFRS (or the "Market Value" or "Fair Value" of such shareholders' equity determined using valuation methodologies as described under the definition of "Market Value" or "Fair Value" above), by the aggregate number of Subordinate Shares and Class B Shares of the Corporation issued and outstanding.

# RESULTS OF OPERATIONS

**Year ended December 31, 2015 compared with year ended December 31, 2014**

## Consolidated Net Earnings

On a consolidated basis, Dundee Corporation incurred a net loss attributable to shareholders of $459.1 million during 2015, or a loss of $7.99 per share, compared with a net loss of $318.4 million, or a loss of $5.93 per share incurred during 2014. During the current year, the Corporation impaired the carrying value of its resources properties held through its investment in United Hydrocarbon by $215.2 million, reflecting its fair value in a market with severely depressed energy prices. The following table summarizes the Corporation's net earnings or loss on a per segment basis.

| *For the years ended December 31,* | 2015 Total | 2014 Total |
|---|---|---|
| Net (loss) earnings before income taxes from: | | |
| Goodman & Company, Investment Counsel Inc. | $ (2,684) | $ 86 |
| Dundee Securities Ltd. | (30,151) | (15,610) |
| Dundee Energy Limited | (11,699) | 1,707 |
| United Hydrocarbon International Corp. | (252,332) | (27,230) |
| Dundee Sustainable Technologies Inc. | (6,727) | (30,869) |
| Eurogas International Inc. | (852) | (9,577) |
| Blue Goose Capital Corp. | (11,974) | (29,220) |
| AgriMarine Holdings Inc. | (23,822) | (5,423) |
| Dundee 360 Real Estate Corporation | (23,775) | (5,898) |
| | (364,016) | (122,034) |
| Adjusted for the corporate and other portfolio holdings segment: | | |
| Changes in the market value of investments: | | |
| Dundee Precious Metals Inc. | (165,781) | - |
| DREAM Unlimited Corp. | (49,763) | (158,594) |
| Other portfolio investments | (64,031) | (128,059) |
| Share of earnings (loss) from equity accounted investments | 35,946 | (12,350) |
| Other items in the corporate and other portfolio holdings segment | (30,209) | 21,182 |
| Income tax recovery | 60,637 | 51,227 |
| Net loss for the year | **$ (577,217)** | **$ (348,628)** |
| Net loss attributable to: | | |
| Owners of the parent | $ (459,118) | $ (318,420) |
| Non-controlling interest | (118,099) | (30,208) |
| | **$ (577,217)** | **$ (348,628)** |

Included in the "Corporate and other portfolio holdings" segment are gains or losses representing changes in the market values of the Corporation's investment portfolio, all of which have been classified as investments at FVTPL for accounting purposes. Accordingly, changes in the fair value of these investments, which are determined by trends and information in equity and capital markets, are recorded in the Corporation's net earnings or loss and can cause substantial volatility in operating results. Declines in the fair value of the Corporation's portfolio of investments during 2015 were $279.6 million, compared with declines of $286.7 million in the prior year, including a marked-to-market loss of $165.8 million in respect of the Corporation's investment in Dundee Precious and $49.8 million relating to the Corporation's investment in DREAM. Lower energy and resource prices, and the impact of their decline on other segments of the economy, including real estate, are clearly manifested in the Corporation's operating results. However, the Corporation cautions that the equity and credit markets do not necessarily reflect the underlying value of certain assets, and the Corporation continues to believe that these investments were undervalued at December 31, 2015.

Certain of the Corporation's investments are accounted for on an equity basis. The equity method of accounting requires that the Corporation increase or decrease the carrying value of its investment by its proportionate share of the net earnings or loss of the underlying investee. This method of accounting further subjects the Corporation to significant volatility in its operating performance as the underlying net earnings or loss of the equity accounted investee may be subject to market forces or other events over which the Corporation does not exert control. During 2015, the Corporation recognized earnings from its equity accounted investments of $35.9 million, compared with losses of $12.4 million in 2014. Current year equity earnings include $41.5 million of foreign exchange gains relating to the Corporation's investment in Dundee Precious, which were previously recognized in accumulated other comprehensive income.

Other significant changes in year-over-year results are described below and are further discussed under "*Segmented Results of Operations*".

- Dundee Securities' capital markets division incurred net operating losses of $10.6 million during 2015, compared with net operating losses of $2.6 million during the prior year. In line with wider industry trends and challenging market conditions, Dundee Securities experienced a decrease in the number and size of investment banking mandates and a corresponding reduction in profitability.
- The retail division of Dundee Securities reported a net loss of $19.5 million in 2015, including $6.4 million related to assets that will not be transferred to Euro Pacific Canada in the second quarter of 2016, and will therefore become redundant.
- Dundee Energy's results were impacted by significant volatility in prices of oil and natural gas. Dundee Energy realized an average price of $4.05/Mcf for its natural gas during 2015, compared with an average realized price of $6.54/Mcf during the prior year. Global prices for oil also adversely affected profitability in Dundee Energy, as the realized price decreased to $60.26/bbl during 2015, compared with $99.38/bbl in the prior year. Correspondingly, Dundee Energy reported a net loss of $11.7 million in 2015, compared with net earnings of $1.7 million in the prior year.
- UHIC incurred net operating losses, exclusive of the impairment loss related to its resource properties, of $37.2 million during 2015, compared with losses of $27.2 million incurred during the prior year. Results in 2015 include $12.0 million of termination and shut-down costs incurred by UHIC in response to lower oil prices.
- The steps initiated in 2014 to right size the business of Blue Goose, and the appointment of new leadership with significant knowledge of the agricultural and agri-business industry, are reflected in the net operating results of Blue Goose. The net operating loss decreased to $12.0 million in 2015, compared with losses of $29.2 million in the prior year.
- The net loss of $23.8 million attributable to AgriMarine includes $18.7 million of impairments relating to a refocus of its business direction, and includes a write off of intangible assets of $13.6 million and costs of $5.1 million related to the closing of operations in China.
- Dundee 360 incurred a loss of $23.8 million in 2015. Consistent with other business segments, Dundee 360 incurred impairment charges of $7.5 million related to certain real estate development projects and other intangible assets, as a result of reconsidering its business strategy and the reallocation of its available capital.

# Segmented Results of Operations

The following discussion provides a more comprehensive analysis of the performance results of each of the Corporation's operating subsidiaries, and their impact to the consolidated operating results of the Corporation. The following information is presented in a manner that corresponds to the Corporation's reportable business segments as presented in note 36 to the 2015 Audited Consolidated Financial Statements.

## GOODMAN & COMPANY, INVESTMENT COUNSEL INC.

During 2015, the S&P/TSX Composite Gold Sub-Industry Index declined by 13%, while the S&P/TSX Composite Diversified Metals and Mining Sub-Industry Index decreased by over 52%. These indices are a barometer of the Canadian resource industry generally, and provide a comparative basis for measurement of performance in respect of GCIC's portfolio of AUM, the focus of which has historically been resource based.

At December 31, 2015, GCIC had AUM of $88.2 million, compared with AUM of $104.1 million at December 31, 2014. The decrease in AUM includes approximately $10.6 million of market depreciation, reflecting the downward pressure on trading values in the resource sector.

| *For the year ended December 31, 2015* | | |
|---|---|---|
| AUM at beginning of the year | $ | 104,110 |
| **Transactions during the year ended December 31, 2015** | | |
| Additions | | 60,271 |
| Redemptions | | (21,329) |
| Rollover of limited partnership units to mutual funds | | (40,804) |
| Distributions paid | | (3,395) |
| Trust units repurchased under market purchase program | | (30) |
| Change in market values | | (10,596) |
| Net change in managed assets | | (15,883) |
| AUM at end of the year | $ | 88,227 |

| AUM Breakdown | | |
|---|---|---|
| Tax sheltered investment products | $ | 30,501 |
| Closed end funds | | 28,075 |
| Mutual funds | | 18,008 |
| Alternative investment products | | 11,643 |
| | $ | 88,227 |

GCIC's management fee revenue is calculated and paid monthly, based on the fair value of AUM as determined on the last business day of each month. The average AUM during 2015 was $101.5 million, compared with average AUM of $244.0 million during 2014. This decrease has led to a corresponding decrease in management fee revenues earned, which decreased to $2.0 million in 2015, from revenue levels of $3.1 million earned in 2014. During 2015, the average management fee rate on AUM was 2.0%. This compares with an average management fee rate of 1.2% earned in 2014 in which certain of GCIC's AUM were managed under sub-advisory arrangements, which typically carry a lower management fee rate.

In the latter part of 2015, GCIC expanded operations to include the beginning of a high net worth advisory business. The expansion included the addition of several highly experienced individuals with direct portfolio management experience. Since retaining these individuals, GCIC has accumulated approximately $80.0 million in AUM under managed account arrangements. In January 2016, GCIC hired its chief investment officer who is a well recognized investment manager in Canada, with the clear mandate of creating alternative investment funds for both internal and third party distribution.

GCIC incurred a net loss before income taxes attributable to owners of Dundee Corporation of $2.7 million in 2015, compared with net earnings of $0.1 million earned in 2014.

In addition to the effect of lower AUM levels, profitability in 2015 was impacted by a higher level of general and administrative expenses incurred by GCIC, reflecting initiatives in the development of its high net worth advisory business. As a result, general and administrative costs increased as it works to retain the staff and other resources needed to implement its current business plan.

| *For the years ended December 31,* | 2015 | 2014 |
|---|---|---|
| Revenues | | |
| Management fee revenue | $ 1,994 | $ 3,086 |
| Interest, dividends and other | 2 | 4 |
| | 1,996 | 3,090 |
| Other items in net (loss) earnings before taxes | | |
| General and administrative | (4,680) | (3,004) |
| Net (loss) earnings before taxes, Goodman & Company, Investment Counsel Inc. | **$ (2,684)** | **$ 86** |
| **Net (loss) earnings before taxes, Goodman & Company, Investment Counsel Inc., attributable to:** | | |
| Owners of Dundee Corporation | $ (2,684) | $ 86 |
| Non-controlling interest | - | - |
| Net (loss) earnings before taxes, Goodman & Company, Investment Counsel Inc. | **$ (2,684)** | **$ 86** |

Management fee revenue earned by GCIC during the fourth quarter of 2015 was $0.4 million, compared with $0.6 million earned in the same period of the prior year. Consistent with year-to-date results, the decrease reflects the reduction in underlying AUM, partially offset by an increased average management fee rate as a result of the realignment of sub-advisory activities.

During the fourth quarter of 2015, GCIC incurred a net loss of $0.6 million, compared with net earnings in the fourth quarter of 2014 of $1.2 million. Earnings in the prior year benefited from the reversal of an accrued estimated compensatory amount of $2.3 million relating to previous years.

# DUNDEE SECURITIES LTD.

*RESULTS OF OPERATIONS*

| | Capital Markets | | Retail & Other | | **TOTAL** | |
|---|---|---|---|---|---|---|
| *For the years ended December 31,* | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| Revenues | | | | | | |
| Management fees | $ - | $ - | $ 14,914 | $ 11,850 | $ 14,914 | $ 11,850 |
| Financial services | | | | | | |
| Investment banking | 22,924 | 49,492 | - | - | 22,924 | 49,492 |
| Commissions | 18,185 | 25,275 | 21,957 | 22,739 | 40,142 | 48,014 |
| Principal trading | (1,990) | (7,831) | 1,362 | 3,412 | (628) | (4,419) |
| Foreign exchange trading | - | - | 581 | 781 | 581 | 781 |
| Interest, dividends and other | 1,240 | 833 | 9,291 | 9,365 | 10,531 | 10,198 |
| | 40,359 | 67,769 | 48,105 | 48,147 | 88,464 | 115,916 |
| Cost of sales | | | | | | |
| Variable compensation | (20,321) | (35,911) | (23,492) | (23,524) | (43,813) | (59,435) |
| Other items in net loss | | | | | | |
| Depreciation | (419) | (521) | (3,663) | (1,242) | (4,082) | (1,763) |
| General and administrative | | | | | | |
| - direct | (25,052) | (26,756) | (28,649) | (22,694) | (53,701) | (49,450) |
| - allocated | (5,285) | (7,155) | (12,178) | (13,692) | (17,463) | (20,847) |
| Interest expense | (76) | (62) | (88) | (119) | (164) | (181) |
| Foreign exchange gain | 162 | 86 | 446 | 64 | 608 | 150 |
| Net loss attributable to Dundee Securities Ltd. | **$ (10,632)** | **$ (2,550)** | **$ (19,519)** | **$ (13,060)** | **$ (30,151)** | **$ (15,610)** |
| **Net loss before taxes, Dundee Securities Ltd. attributable to:** | | | | | | |
| Owners of Dundee Corporation | $ (10,632) | $ (2,550) | $ (19,519) | $ (13,060) | $ (30,151) | $ (15,610) |
| Non-controlling interest | - | - | - | - | - | - |
| Net loss before taxes, Dundee Securities Ltd. | **$ (10,632)** | **$ (2,550)** | **$ (19,519)** | **$ (13,060)** | **$ (30,151)** | **$ (15,610)** |

## The Capital Markets Division

*Financial Services Revenue*

Investment banking revenue, including revenue from new issues and advisory services fees, was $22.9 million during 2015, a 54% decrease from $49.5 million of revenue earned in the prior year.

During 2015, Dundee Securities participated in 122 public and private new issue transactions, marginally less than the 138 transactions in which Dundee Securities participated during the prior year. The mining, oil and gas sectors represented 31% of new issue activity. New issue financings generated revenue of $18.2 million during 2015, a decrease of 52% when compared with $38.2 million of revenue earned in the prior year, as a consequence of both a decrease in the average size of financing transactions completed, as well as lower average percentage participation in those financings by Dundee Securities.

Advisory fee revenue in 2015 was $4.7 million, compared with $11.3 million of advisory fee revenue earned in the prior year. Advisory mandates are generally long term in nature, and fees are earned only following the successful completion of a transaction, therefore, revenue from the provision of advisory fee services may be subject to significant volatility.

In line with wider industry trends, commission revenue decreased by 28% during 2015 to $18.2 million, compared with $25.3 million earned in the prior year, reflecting decreased activity from institutional clients.

A decrease in facilitation trading losses, compared with the prior year, has resulted in lower principal trading losses of $2.0 million during 2015, compared with $7.8 million in the prior year. The ratio of facilitation trading losses to associated institutional commission revenue decreased to 22% in the current year, compared with 27% in the prior year.

*Variable Compensation Expense*

During 2015, variable compensation expense in the capital markets division was $20.3 million (2014 – $35.9 million), representing approximately 52% (2014 – 54%) of related financial services revenue, resulting in contribution margins of 48% (2014 – 46%). Contribution margins in the prior year were adversely affected by discretionary compensation amounts that were not directly attributable to specific revenue items.

*General and Administrative Expenses*

The capital markets division incurred direct general and administrative expenses of $25.1 million during 2015, compared with $26.8 million incurred in the prior year, due to a reduction in trade related, promotion and travel expenses, partially offset by higher professional fees. Allocated expenses decreased to $5.3 million from $7.2 million in the prior year, due primarily to expense reductions in back office administration and support departments.

## The Retail Division and Other Activities

*Assets Under Management and Assets Under Administration*

*(in millions of dollars)*

| *As at December 31,* | | 2015 | | 2014 | | 2013 |
|---|---|---|---|---|---|---|
| AUA | $ | 4,183 | $ | 4,837 | $ | 3,002 |
| AUM | | 538 | | 1,197 | | 855 |
| Total | $ | 4,721 | $ | 6,034 | $ | 3,857 |

AUA decreased to $4.2 billion at December 31, 2015, compared with AUA levels of $4.8 billion at the end of December 2014. AUM also decreased during 2015, with AUM levels at December 31, 2015 of $0.5 billion, a 55% decrease from AUM of $1.2 billion at December 31, 2014. Advisor departures in late August 2015 resulted in the loss of approximately $0.8 billion in AUA and $0.6 billion in AUM.

Management fee revenue earned during 2015 increased to $14.9 million, compared with $11.9 million of management fees earned in the prior year. The increase reflects higher AUM in the early months of 2015, relative to the same period of the prior year.

Commission revenue decreased by 3% during 2015 to $22.0 million, compared with $22.7 million earned in the prior year. This decrease is due to the departure of certain advisors in August 2015, as well as continued challenging market conditions generally.

Market conditions have also impacted principal trading activities, which generated gains of $1.4 million during 2015, compared with gains of $3.4 million in the prior year.

*Variable Compensation Expense*

Variable compensation expense in the retail division was $23.5 million (2014 – $23.5 million), representing approximately 59% (2014 – 58%) of related financial services and management fee revenue, resulting in contribution margins of 41% (2014 – 42%). Financial advisors are compensated on a variable scale, based on revenues generated. Certain professionals may also be compensated based on the profitability of their respective division.

*General and Administrative Expenses*

Direct general and administrative expenses incurred by the retail and other division were $28.6 million during 2015, compared with $22.7 million incurred in the prior year. Included in direct general and administrative costs is $6.4 million of costs associated with the assets relating to the retail division that will not be transferred as part of the sale to Euro Pacific and will therefore become redundant. Allocated expenses decreased to $12.2 million in 2015, from $13.7 million in the prior year due primarily to expense reductions in support departments and back office administration.

*CHANGES IN FINANCIAL CONDITION*

*Assets and Liabilities Designated as "Held for Sale"*

In connection with the Euro Pacific transaction, Dundee Securities will sell certain assets and Euro Pacific will assume certain liabilities in respect of the retail division, including balances in client accounts receivable and in client deposits and related liabilities. Certain trading positions, including certain securities owned and securities sold short will also form part of the assets that will be transferred to Euro Pacific. Client account balances and trading positions vary significantly on a day-to-day basis and are dependent on business activities and trading strategies in response to market conditions and in anticipation of price movements. These variances do not necessarily reflect any meaningful changes to Dundee Securities' financial position.

The following table illustrates the net assets of Dundee Securities, and segregates those net assets that were associated directly with its retail operation and which would have been transferred to Euro Pacific if the transaction had been completed on December 31, 2015.

| | Total Net Assets | Assets Held for Sale | Liabilities Held for Sale | Proforma Net Assets on Completion of Sale |
|---|---|---|---|---|
| Cash | $ 171,519 | $ (21,786) | $ - | $ 149,733 |
| Accounts receivable | 11,845 | - | - | 11,845 |
| Client accounts receivable | 626,482 | (360,445) | - | 266,037 |
| Brokerage securities owned | 26,436 | (14,008) | - | 12,428 |
| Capital and other assets | 14,237 | (8,800) | - | 5,437 |
| Accounts payable and accrued liabilities | (18,212) | - | - | (18,212) |
| Income taxes payable | (70) | - | - | (70) |
| Client deposits and related liabilities | (714,263) | - | 387,313 | (326,950) |
| Brokerage securities sold short | (8,926) | | 8,926 | - |
| | $ 109,048 | $ (405,039) | $ 396,239 | $ 100,248 |

*Call Loan Facilities*

From time to time, Dundee Securities may utilize call loan arrangements to facilitate the securities settlement process for both client and principal securities transactions, or to fund margin lending. At December 31, 2015, Dundee Securities had established an uncommitted call loan facility for up to $125.0 million (2014 – $100.0 million). There were no amounts drawn pursuant to this facility at December 31, 2015.

## DUNDEE ENERGY LIMITED

During 2015, Dundee Energy incurred a net loss of $7.8 million attributable to owners of Dundee Corporation. This compares to net earnings attributable to owners of Dundee Corporation of $1.5 million generated during 2014. Despite seeing an increase in production volumes on a year-over-year basis, operating performance in 2015 was adversely affected by substantially lower revenues, reflective of lower realized prices for the sale of oil and natural gas.

*RESULTS OF OPERATIONS*

| *For the years ended December 31,* | | 2015 | | 2014 |
|---|---|---|---|---|
| Revenues | | | | |
| Oil and gas sales | $ | 25,086 | $ | 39,280 |
| Interest and dividends | | 1,062 | | (222) |
| | | 26,148 | | 39,058 |
| Cost of sales | | | | |
| Production expenditures | | (15,753) | | (15,929) |
| Other items in net (loss) earnings before taxes | | | | |
| Depreciation and depletion | | (12,681) | | (10,901) |
| General and administrative | | (5,112) | | (6,504) |
| (Loss) gain on derivative financial instruments | | (21) | | 388 |
| Interest expense | | (4,432) | | (4,553) |
| Foreign exchange gain | | 152 | | 148 |
| Net (loss) earnings before taxes, Dundee Energy Limited | **$** | **(11,699)** | **$** | **1,707** |
| **Net (loss) earnings before taxes, Dundee Energy Limited attributable to:** | | | | |
| Owners of Dundee Corporation | $ | (7,809) | $ | 1,506 |
| Non-controlling interest | | (3,890) | | 201 |
| Net (loss) earnings before taxes, Dundee Energy Limited | **$** | **(11,699)** | **$** | **1,707** |

*Sales and Production Volumes*

During 2015, sales of oil and natural gas, net of royalty interests, generated revenues of $25.1 million, a decrease of $14.2 million from revenues of $39.3 million earned during the prior year. The effect of lower commodity prices decreased revenues by approximately $15.8 million, partially offset by improved production volumes resulting from an acquisition by Dundee Energy in August 2014 of the remaining 15% working interest in certain offshore gas properties that it did not already own.

Dundee Energy realized an average price on sales of natural gas of $4.05/Mcf during 2015, a decline of 38% from the average price of $6.54/Mcf realized in 2014. The 2014 realized price for natural gas reflected an increase in demand in the January to April period, caused by unanticipated severe winter weather conditions. Dundee Energy's average realized price for sales of oil in 2015 was $60.26/bbl, a decrease of 39% from the average price of $99.38/bbl realized in 2014. This decrease is consistent with the 39% year-over-year decrease in the Edmonton Par average price for this commodity.

| Average daily volume during the years ended December 31, | 2015 | 2014 |
|---|---|---|
| Natural gas (Mcf/d) | 11,660 | 10,594 |
| Oil (bbls/d) | 560 | 572 |
| Liquids (bbls/d) | 3 | 10 |
| Total (boe/d) | 2,506 | 2,348 |

Average daily natural gas production volumes increased in 2015, primarily as a result of the purchase of additional working interest in certain offshore gas properties as outlined above. In addition, prior year production of natural gas had been negatively impacted by the temporary suspension of certain production to effect repairs caused by ice scouring in February of that year. Reductions in oil production resulted from the natural decline of approximately 9% in the underlying assets, partially offset by positive results of workover initiatives undertaken during 2015.

*Field Level Cash Flows and Field Netbacks*

| *For the years ended December 31,* | Natural Gas | Oil and Liquids | Total 2015 | Natural Gas | Oil and Liquids | Total 2014 |
|---|---|---|---|---|---|---|
| Total sales | $ 17,233 | $ 12,348 | $ 29,581 | $ 25,298 | $ 20,932 | $ 46,230 |
| Royalties | (2,598) | (1,897) | (4,495) | (3,743) | (3,207) | (6,950) |
| Production expenditures | (9,557) | (6,196) | (15,753) | (9,223) | (6,706) | (15,929) |
| | 5,078 | 4,255 | 9,333 | 12,332 | 11,019 | 23,351 |
| Realized gain (loss) on derivative financial instruments | - | 341 | 341 | - | (45) | (45) |
| Field level cash flows | $ 5,078 | $ 4,596 | $ 9,674 | $ 12,332 | $ 10,974 | $ 23,306 |

| *For the years ended December 31,* | Natural Gas | Oil and Liquids | Total 2015 | Natural Gas | Oil and Liquids | Total 2014 |
|---|---|---|---|---|---|---|
| | $/Mcf | $/bbl | $/boe | $/Mcf | $/bbl | $/boe |
| Total sales | $ 4.05 | $ 60.04 | $ 32.33 | $ 6.54 | $ 98.50 | $ 53.94 |
| Royalties | (0.61) | (9.22) | (4.91) | (0.97) | (15.09) | (8.11) |
| Production expenditures | (2.25) | (30.13) | (17.22) | (2.39) | (31.56) | (18.59) |
| | 1.19 | 20.69 | 10.20 | 3.18 | 51.85 | 27.24 |
| Realized gain (loss) on derivative financial instruments | - | 1.66 | 0.37 | - | (0.21) | (0.05) |
| Field netbacks | $ 1.19 | $ 22.35 | $ 10.57 | $ 3.18 | $ 51.64 | $ 27.19 |

From time-to-time, Dundee Energy may mitigate its exposure to price volatility, including currency risk associated with commodity pricing, by entering into fixed price commodity contracts in Canadian dollars. These arrangements improved field netbacks in 2015 by $0.37/boe, compared with a decrease of $0.05/boe in 2014. Subsequent to December 31, 2015, Dundee Energy entered into certain additional fixed price commodity contracts as illustrated in the table below.

| Contract<br>Fixed Price Swap | Volume | Pricing<br>Point | Strike Price<br>(CAD$/unit) | Remaining<br>Term |
|---|---|---|---|---|
| Natural Gas | 2,000 mmbtu/day | NYMEX | $3.41 | Jan 01/16 to Dec 31/16 |
| Natural Gas | 1,000 mmbtu/day | NYMEX | $3.48 | Feb 01/16 to Dec 31/16 |
| Natural Gas | 1,000 mmbtu/day | NYMEX | $3.64 | Feb 01/16 to Dec 31/16 |

*CHANGES IN FINANCIAL CONDITION*

*Reserves*

Dundee Energy retained Deloitte LLP (“Deloitte”), an independent qualified reserves evaluator, to prepare a report on Dundee Energy’s reserves as at December 31, 2015, pursuant to guidelines and definitions set out under National Instrument 51-101. The following table outlines the change in Dundee Energy’s reserves since December 31, 2014. As at December 31, 2015, the reserve life index for natural gas increased to 25.9 years, while the reserve life index for oil increased to 14.0 years.

| | Natural Gas *(MMcf)* | Oil *(Mbbl)* | Natural Gas Liquids *(Mbbl)* | Total *(Mboe)* | NPV @ 10% Before Tax *(M$)* | NPV per boe |
|---|---|---|---|---|---|---|
| **Proved Reserves** | | | | | | |
| Opening balance, January 1, 2015 | 88,905 | 1,535 | 65 | 16,417 | $ 174,605 | $ 10.64 |
| Net acquisitions | - | - | - | - | | |
| Revisions | 9,086 | 244 | (56) | 1,702 | | |
| Production | (4,200) | (199) | (1) | (900) | | |
| Closing balance, December 31, 2015 | 93,791 | 1,580 | 8 | 17,219 | $ 117,519 | $ 6.82 |
| **Probable Reserves** | | | | | | |
| Opening balance, January 1, 2015 | 19,989 | 720 | 48 | 4,099 | $ 38,004 | $ 9.27 |
| Net acquisitions | - | - | - | - | | |
| Revisions | (7,106) | (42) | (45) | (1,271) | | |
| Closing balance, December 31, 2015 | 12,883 | 678 | 3 | 2,828 | $ 24,064 | $ 8.51 |
| **Total proved and probable** | 106,674 | 2,258 | 11 | 20,047 | $ 141,583 | $ 7.06 |
| **Percentage decrease in reserves** | (2%) | 0% | (90%) | (2%) | | |

The following table outlines Deloitte's forecasted future prices for each of oil and natural gas. These forecasts form the basis for Deloitte's evaluation of Dundee Energy's reserves at December 31, 2015, as outlined above.

| | Natural Gas | Oil |
|---|---|---|
| Reserve Prices | Union Parkway CAD$ / Mcf | Edmonton Par (delivered to Sarnia, ON) CAD$ / bbl |
| 2016 | 3.55 | 56.35 |
| 2017 | 4.00 | 62.75 |
| 2018 | 4.25 | 71.55 |
| 2019 | 4.60 | 82.95 |
| 2020 | 4.95 | 94.70 |
| Average five year forecast | 4.27 | 73.66 |

During 2015, and in response to a sharp decline in oil prices, Dundee Energy recognized an impairment loss of $0.9 million, included in depreciation and depletion, on certain oil properties in southern Ontario. In determining the appropriate amount of impairment, Dundee Energy considered expected cash flows based on its most recent externally evaluated reserves reports and long-term views on commodity prices from which expected future cash flows were discounted using a discount rate of 8%. Dundee Energy also completed an assessment of potential impairment assuming an increased discount rate of 10%, with all other assessment criteria kept constant and it determined that the increase in the discount rate would have increased Dundee Energy's impairment loss by a further $7.2 million.

*Capital Expenditures*

In response to declining commodity prices for both crude oil and natural gas, Dundee Energy reduced its planned 2015 capital expenditure program to $0.9 million, consisting of costs required to maintain the existing and essential land portfolio, as well as certain costs to complete projects that had been started in late 2014. Costs related to these initiatives focused on cost reduction and efficiency.

In response to the considerable decline in the price of oil and natural gas, Dundee Energy's work plan for 2016 will focus only on the maintenance of Dundee Energy's oil and natural gas land portfolio, which it anticipates will require approximately $0.8 million.

*Demand Revolving Credit Facility*

A subsidiary of Dundee Energy had established a $70 million credit facility with a Canadian Schedule I Chartered Bank. The facility was structured as a demand facility and was subject to a tiered interest rate structure that varied based on the net debt to cash flow ratio generated by the subsidiary. Based on ratios at December 31, 2015, draws on the credit facility bore interest at prime plus 3.5% for loans and letters of credit or, for bankers' acceptances, at the bankers' acceptance rate plus 4.5%. At December 31, 2015, Dundee Energy had drawn $59.2 million against the facility.

On February 18, 2016, and in response to concerns over the volatility in the price of oil and natural gas, the lenders to Dundee Energy imposed certain amended terms to Dundee Energy's credit facility to reduce the amounts available pursuant to the credit facility from $70.0 million to $60.0 million effective immediately thereafter, and with a requirement to further reduce the facility to $55.0 million before December 31, 2016. The amendment also requires that Dundee Energy maintain a hedging strategy in respect of the sale of commodities as outlined in the amendment, and it requires prepayment in certain conditions. There were no other changes to the terms and conditions of the credit facility.

The lending arrangements provided to Dundee Energy are non-recourse to the Corporation. With the significant amount of volatility in commodity prices, Dundee Energy expects that its lenders will continue to review the basis for its lending capacity, which will include an assessment of the future performance of Dundee Energy, with a focus on forecasted prices for oil and natural gas in an uncertain environment. Dundee Energy believes that its current borrowing availability will be sufficient to meet its obligations in the foreseeable future, including the obligations to reduce borrowing amounts as outlined above. However, there can be no assurance that average commodity sales prices will support Dundee Energy's current forecasts, or that the lender will not exercise their right to demand under the terms of the credit facility, whether in whole or in part.

## UNITED HYDROCARBON INTERNATIONAL CORP.

*CHANGES IN FINANCIAL CONDITION*

*Compliance with the Requirements of the Production Sharing Contract*

Under the terms of the PSC, UHIC was awarded an exploration permit with an initial term of five years expiring in May 2017, and with a renewal option for a period of an additional three years. In addition to ongoing normal course annual costs such as land taxes and other miscellaneous administration fees associated with the PSC, the initial term of the PSC carried a minimum work commitment of US$75.0 million, all of which has already been fulfilled by UHIC. During the renewal period, UHIC will have further work obligations of US$5.0 million. Should there be a commercial discovery or discoveries, UHIC may apply for exploitation license(s) under the terms of the PSC. The exploitation license would have an initial term of 25 years, and may be renewed for an additional 10 years. A fee of US$2.0 million would be payable to the government of the Republic of Chad upon the approval and issuance of each exploitation license.

*The Resource Properties*

Since establishing the PSC, UHIC's primary exploration and evaluation focus has been in the Doba Basin located in southern Chad, including both the DOC Block and the DOD Block. There were two existing discoveries on these blocks that were made by prior block operators, the Belanga and the M'Biku, both of which now form part of the PSC. Remaining discoveries were made by UHIC during its 2014 drilling program in the Doba Basin which included the drilling of 13 wells. These drilling activities resulted in six successful oil appraisal wells at Belanga and two new oil discoveries at Lara 1 and Lara East 1, both within 10 kilometres of Belanga. An additional well was drilled in early 2015. All of these discoveries are situated in close proximity to the Mondoulli oil field currently being produced and operated by Exxon.

Block H is located in north-central Chad on the border with Niger, directly adjacent to the Agadem block currently held by China National Petroleum Corp. and Savannah Petroleum PLC. There are two known oil discoveries within Block H, the Kumia and Kanem. UHIC also holds an extensive seismic database that has been used by previous operators to identify more than 200 exploration leads on this block. UHIC has completed an independent interpretation of the seismic data and is currently updating and further validating the exploration potential of Block H. Future exploration activities are expected to include the completion of the scientific work related to lead and prospect identification, independent resource evaluations and modern seismic acquisition and interpretation, which may lead to drilling in as early as 2016, depending on oil price movement and availability of capital.

In January 2015, the governments of Chad and Niger announced the formation of the Niger Oil Transportation Corporation (NOTCO) which has proposed a pipeline route from Niger through UHIC's Block H, enroute to joining the export pipeline in the Doba Basin, an arrangement which could prove profitable to UHIC in the future.

*Impairment of Resource Properties*

The Corporation had previously announced that it was seeking to raise third party debt or equity of up to $250 million, the proceeds of which would be used by UHIC in connection with its ongoing exploration programs. However, the sharp decline in oil prices have reduced value and delayed negotiations to secure a partner. The Corporation has therefore concluded that these factors do not currently support the original carrying value of the Corporation's resource properties. Accordingly, during 2015, the carrying value of these properties was reduced to their fair value of US$177.0 million.

| Area | Resource Type[(1)(2)] | Resource (Millions of bbls) | | Estimated Value (US$/bbl of resource) | | Estimated Value (Millions of US$) |
|---|---|---|---|---|---|---|
| Doba | Gross Contingent Resources - 2C[(3)(4)] | 11.3 | $ | 2.34 | $ | 26.4 |
| Doba | Gross Contingent Resources - incremental 3C net of 2C[(3)(4)] | 15.8 | | 0.46 | | 7.3 |
| Doba | Gross Prospective Resources - Best Estimate[(5)] | 116.514 | | 0.15 | | 17.5 |
| Block H | Gross Prospective Resources - Best Estimate[(5)] | 838.387 | | 0.15 | | 125.8 |
| Total | | | | | | 177.0 |
| Exchange rate | | | | | | 1.33 |
| Estimated value of resources in millions of Canadian dollars | | | | | $ | 235.9 |

*1. There is uncertainty that it will be commercially viable to produce any portion of the contingent resources set out herein. There is no certainty that any portion of the prospective resources will be discovered. If discovered, there is no certainty that it will be commercially viable to produce any portion of the resources. See "Performance Measures" for a description of, and important information about, the resources terms used in this MD&A.*

*2. All contingent and prospective resources are light and medium oil.*

*3. Contingent resources estimates are sub-classified in the development unclarified project maturity sub-class.*

*4. Contingent resources estimates have not been risked for the chance of development. The chance of development is defined as the probability of a project being commercially viable. Quantifying the chance of development requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social licence, internal and external approvals and commitment to project finance and development timing. As many of these factors are extremely difficult to quantify, the chance of development is uncertain and must be used with caution. The chance of development was estimated to be 65%. Gross resources represent 100% working interest and do not factor in any government back-in rights.*

*5. The risked resources are partially risked prospective resources that have been risked for chance of discovery, but have not been risked for the chance of development. The chance of development is defined as the probability of a project being commercially viable. Quantifying the chance of development requires consideration of both economic contingencies and other contingencies, such as legal, regulatory, market access, political, social licence, internal and external approvals and commitment to project finance and development timing. As many of these factors are extremely difficult to quantify, the chance of development is uncertain and must be used with caution. The chance of development was estimated to be 65%. Gross resources represent 100% working interest and do not factor in any government back-in rights.*

Estimates of UHIC's contingent resources and prospective resources are based on reports of independent qualified reserves evaluators prepared in accordance with the COGE Handbook including (i) in respect of Block H, by Robertson (UK) Limited dated and effective December 31, 2014; and (ii) in respect of Doba, by McDaniel & Associates Consultants Ltd. dated November 4, 2015 and effective September 30, 2015. However, this data is inherently imprecise and is subject to significant judgment. The estimates of contingent and prospective resources provided in this MD&A are estimates only and there is no guarantee that the estimated contingent and prospective resources will be recovered. Actual contingent and prospective resources may be greater than or less than the estimates provided in this in MD&A. In general, the significant factors that may change the prospective resources and contingent resources estimates include further delineation drilling, which could change the estimates either positively or negatively, future technology improvements, which would positively affect the estimates, and additional transportation capacity, which would positively affect the estimates.

In accordance with National Instrument 51-101 – *Standards of Disclosure for Oil and Gas Activities*, estimates per basin are as follows:

| Basin | Estimated cost to achieve commercial production (US$MM) | General Timeline including the estimated date of first commercial production (Years) | Estimate of Recovery Technology (conventional or unconventional) | Basis of Project (conceptual or pre-development) |
|---|---|---|---|---|
| Doba | $250 | 2-4 | Conventional | Conceptual |
| Block H[(1)] | $350 | 3-6 | Conventional | Conceptual |

*(1) Contingent on the NOTCO pipeline being built.*

In determining the recoverable amount of the resource properties, the estimated value per barrel of resources was determined using publicly available capital markets transaction metrics consisting of a basket of comparable publicly-traded companies. It is important to note that these metrics are based on a small sample size and are only based on publicly available information. These metrics are sensitive to the consequential reaction of capital markets to volatility in, and the pricing outlook for oil. These factors may result in additional impairments to these properties, or may also result in the reversal of such impairment if the underlying volatility and/or the price of oil improves.

*Cash Resources*

UHIC does not currently generate cash flows from its business activities, and it currently relies on its ability to raise funds through capital markets or through debt from the Corporation.

At December 31, 2015, the Corporation had advanced a total of $318.7 million to UHIC, including (i) $201.7 million principal amount of convertible debentures of UHIC which bear interest at 12% and which may be converted at any time by the Corporation into UHIC common shares at $1.00 per share, subject to certain adjustments; (ii) $114.9 million in promissory notes that are due on demand and which bear interest at prime plus 2%; and (iii) $2.1 million of other debt incurred in respect of inter-corporate shared costs. During 2015, the Corporation advanced $48.7 million to UHIC under these arrangements.

UHIC will require additional funds to continue its exploration program and, if successful to develop and produce commercially viable discoveries. There can be no assurance that UHIC will be successful in raising the necessary funds to support future operations.

*RESULTS OF OPERATIONS*

UHIC normally capitalizes costs that are directly related to its exploration activities, including all costs incurred in the Republic of Chad, as well as certain costs incurred at head office that relate specifically to these activities. Following the suspension of drilling operations in early 2015, these costs have been expensed as incurred, contributing to a net loss during 2015, before impairment charges of $37.2 million. In comparison, costs in 2014 were $27.2 million, but included a $10.0 million discovery bonus paid by UHIC to the Corporation in recognition of the contribution made by the Corporation towards an oil discovery, and $9.0 million in compensation expense relating to amendments of terms of UHIC's outstanding warrants.

| | For the three months ended December 31, | | For the year ended December 31, | |
|---|---|---|---|---|
| | 2015 | 2014 | 2015 | 2014 |
| Shut-down and contract termination costs | $ 702 | $ - | $ 8,471 | $ - |
| Employee termination costs | 1,173 | - | 3,494 | - |
| Discovery bonus | - | - | - | 10,000 |
| Warrant revaluation | - | - | - | 8,980 |
| | 1,875 | - | 11,965 | 18,980 |
| General and administrative costs: | | | | |
| Directly attributable to exploration activities | 2,100 | - | 18,536 | - |
| Head office and other ongoing expenses | 1,482 | 1,892 | 5,428 | 6,425 |
| | 3,582 | 1,892 | 23,964 | 6,425 |
| Other net costs | 318 | 852 | 1,244 | 1,825 |
| | $ 5,775 | $ 2,744 | $ 37,173 | $ 27,230 |

## DUNDEE SUSTAINABLE TECHNOLOGIES INC.

Reflective of its current stage of development, Dundee Technologies does not report any revenue and it is considered to be in the development stage

*The Chlorination Technology*

The current stage of Dundee Technologies' chlorination process is the result of 16 years of effort in combined laboratory development and pilot plant scale validation. With successful pilot results, the next stage was the development of the technology at an industrial scale. This required the construction of a demonstration plant, which could operate on a continuous basis. Construction of the plant commenced in 2013, and commissioning was successfully completed in late 2015, enabling Dundee Technologies to proceed with the demonstration phase of the project. If successful, the demonstration plant will serve as reference for the establishment of full scale plants operating with the same technology. At December 31, 2015, Dundee Technologies had expended $16.0 million towards the construction and operation of the demonstration plant, and it intends to incur a further $3.0 million in processing costs during 2016.

In order to establish the proof of concept for the chlorination process, Dundee Technologies has established an agreement with Dundee Precious pursuant to which Dundee Precious agreed to supply pyrite concentrate from its Bulgarian mining operations for processing. In 2014, Dundee Precious supplied 600 tonnes of concentrate to Dundee Technologies. Processing commenced at the demonstration plant in November 2015 and was completed in early March 2016. An independent validation of the process is currently underway, with the results expected towards the end of the second quarter of 2016. Under the terms of the arrangement with Dundee Precious, costs associated with providing the concentrate to Dundee Technologies were absorbed by Dundee Precious, and all extracted metals from the concentrate will be returned to Dundee Precious.

In addition to the processing of concentrate received from Dundee Precious, in September 2015, Dundee Technologies announced that it had entered into an agreement with a Chilean mining company for the processing of gold concentrate using the chlorination process. In September 2015, Dundee Technologies received two tonnes of concentrate from the Chilean company to be processed initially at the pilot plant. In March 2016, Dundee Technologies announced that through the chlorination process, it achieved a gold recovery of 98.8% and a final gold deposition over silica recovery of 99.8%. These results enable Dundee Technologies to move forward on the next stage of the arrangement with the Chilean company, which will involve the processing of a larger quantity of material at the demonstration plant and, if successful, contracting an independent techno-economic study, with the objective of building a processing facility in Chile.

*The Arsenic Stabilization Technology*

During 2015, Dundee Technologies constructed a pilot plant for its arsenic stabilization process. In February 2016, Dundee Technologies entered into an agreement with an international gold mining company to evaluate the feasibility of integrating this process with the sequestration of arsenical matter produced by that company's operations. The first stage of the agreement contemplates confirming, on a pilot plant scale, that the technology can be successfully implemented on the matter targeted for stabilization by the gold mining company. Upon successful completion of the first stage of the agreement, a study will be undertaken to evaluate the technical and economic implications of a full-scale arsenic vitrification plant, to be located at the site of the gold mining company's operations.

In addition to the use of this process in extraction activities, the same technology presents an opportunity to copper smelting operations that are looking to stabilize the arsenic-bearing flue dusts, which are inherent in such operations. In September 2015, Dundee Technologies entered into an agreement with a major copper mining company for the treatment of arsenic-bearing flue dusts produced by that company's operations. The agreement contemplates a two-phased approach. The first phase consists of demonstrating Dundee Technologies' arsenic stabilization technology on a pilot plant scale and, if successful, the second phase would encompass defining the terms for the treatment of the flue dusts on a commercial basis.

*RESULTS OF OPERATIONS*

During 2015, Dundee Technologies incurred a net loss of $3.9 million attributable to owners of Dundee Corporation, compared with a loss of $19.7 million in 2014.

| *For the years ended December 31,* | | 2015 | | 2014 |
|---|---|---|---|---|
| Revenues | | | | |
| Interest and dividends | $ | 16 | $ | 167 |
| | | 16 | | 167 |
| Other items in net loss before taxes | | | | |
| Depreciation and depletion | | (61) | | (22,252) |
| General and administrative | | (6,553) | | (8,588) |
| Interest expense | | (110) | | (192) |
| Foreign exchange loss | | (19) | | (4) |
| Net loss before taxes, Dundee Sustainable Technologies Inc. | **$** | **(6,727)** | **$** | **(30,869)** |
| **Net loss before taxes, Dundee Sustainable Technologies Inc. attributable to:** | | | | |
| Owners of Dundee Corporation | $ | (3,949) | $ | (19,689) |
| Non-controlling interest | | (2,778) | | (11,180) |
| Net loss before taxes, Dundee Sustainable Technologies Inc. | **$** | **(6,727)** | **$** | **(30,869)** |

The operating loss in the prior year included an impairment of $22.2 million on a mining property that Dundee Technologies had previously acquired with the intent of extracting a 30,000 tonne bulk sample for use in the demonstration plant for proof of concept of its chlorination technology. Considering the difficult market conditions in the mining sector, Dundee Technologies opted to arrange for alternative means of securing the minerals needed to complete the testing.

General and administrative expenses include research and development expenses in respect of Dundee Technologies' chlorination and arsenic stabilization process. During 2015, Dundee Technologies incurred $5.7 million (2014 – $8.3 million) in research and development costs. These costs relate primarily to the construction of the chlorination process demonstration plant. Dundee Technologies periodically receives financial assistance under government incentive programs. Assistance that compensates Dundee Technologies for expenses incurred are normally recognized as a reduction to research and development expense on a systematic basis in the same periods in which the expenses are incurred. On a net-of-assistance basis, research and development costs represented $4.4 million (2014 – $6.0 million) of general and administrative costs.

In 2015, Dundee Technologies implemented cost cutting measures in order to preserve cash in the current market environment, and reallocating the use of capital to the construction of its demonstration plant. As a result, other general and administrative expenses, including expenses associated with being a public company, were reduced to $2.2 million in 2015, compared with $2.6 million in 2014.

*CHANGES IN FINANCIAL POSITION*

The chlorination process developed by Dundee Technologies has been recognized as a "green technology", for which Dundee Technologies has been awarded a $5.0 million grant for the construction and operation of the demonstration plant, by the Government of Canada through its Sustainable Development Technology Fund.

In addition to the Government of Canada's support, during 2015, Dundee Technologies completed a $5.0 million private placement with Investissement Quebec. The private placement included a draw-down convertible loan amount of up to $4 million and an equity investment of $1.0 million. The loan component of the private placement is evidenced by a five-year secured convertible debenture which bears interest at 8% per annum. After an initial one-year term, the loan may be converted at the option of the holder, into subordinate voting shares of Dundee Technologies at a conversion price equal to the closing market price of such shares on the day immediately prior to conversion. After the first anniversary of the loan, Dundee Technologies may redeem the loan at a 10% premium to par. The convertible loan is secured against all of the assets of Dundee Technologies, other than its intellectual property. In addition, Dundee Corporation has provided a guarantee to Investissement Quebec for up to $1.5 million of amounts borrowed pursuant to the arrangement.

During 2015, Dundee Corporation paid $5.0 million to Dundee Technologies on the exercise of 50 million outstanding warrants. In addition, Dundee Corporation advanced $2.2 million to Dundee Technologies during 2015 in order to supplement working capital requirements. At December 31, 2015, Dundee Technologies had cash of $1.7 million, and it had obligations, other than obligations due to Dundee Corporation, of $0.7 million. Dundee Technologies continues to pursue financing alternatives to fund its operations. Although there is no assurance that these efforts will be successful, Dundee Technologies believes that if its ongoing research and development activities provide favorable results, it will be able to secure the necessary financing through the issuance of debt or equity.

## EUROGAS INTERNATIONAL INC.

Eurogas International had established a joint venture arrangement with Atlas Petroleum Exploration Worldwide Ltd. ("APEX"), pursuant to which it had agreed to undertake exploration, appraisal and extraction activities on the Sfax Permit, targeting oil and natural gas reserves. Under the terms of the original arrangement, Eurogas International held a 45% working interest in the arrangement, while APEX held the remaining 55% working interest and was designated as the operator of the project.

In January 2014, Eurogas International and APEX entered into a farmout agreement with DNO Tunisia AS ("DNO") with respect to the Sfax Permit. Under the terms of the farmout agreement, the associated joint venture arrangement was amended such that DNO acquired an 87.5% working interest in the Sfax Permit, in exchange for an upfront cash payment of US$6 million to the original joint venture partners, of which Eurogas International's share was US$2.7 million. The terms of the farmout arrangement also resulted in DNO carrying 100% of all future costs related to the Sfax Permit, including development and production related costs. DNO is currently the operator of the Sfax Permit and has assumed all drilling and other obligations associated with the Sfax Permit, including any monetary penalties arising due to non-fulfillment of work commitments agreed to under the terms of the Sfax Permit.

Subject to certain terms and conditions as outlined in the farmout agreement and as further described below, the original joint venture partners retained a 12.5% working interest in the Sfax Permit, of which 45% (representing a net 5.625% working interest) is attributable to Eurogas International. The arrangement with DNO provides for the original joint venture partners to retain a 12.5% interest in the profit oil or profit gas component of production, to a maximum of US$125 million (or 12.5% of the profit oil or profit gas from the production of 75 million barrel of oil equivalents, whichever comes first). Thereafter, the original joint venture partners are entitled to 6.25% of the profit oil or profit gas component of production to a maximum of an additional US$75 million (or 6.25% of the profit oil or profit gas component from the production of an additional 45 million barrel of oil equivalents, whichever comes first). In addition, the original joint venture partners are entitled to receive 20% of the cost oil or cost gas component of production, to a maximum of the lesser of 18% of the costs incurred by the original joint venture partners prior to completion of the farmout arrangement, or US$20 million.

The original joint venture partners have conceded a temporary deferral of 50% of their entitlement to a share of the profit oil or profit gas component of production from the Sfax Permit, until such time as DNO recovers US$150 million of total incurred costs from the cost oil or cost gas component of production on the Sfax Permit.

In early 2015, DNO completed the drilling of the Jawhara-3 well, the first exploration and appraisal well undertaken by DNO on the Sfax Permit. The Jawhara-3 well was vertically drilled to a total depth of 2,815 metres. The Douleb and Bireno fractured carbonates formations proved to be water bearing in the compartment of the principal structure targeted by the well and therefore, DNO concluded that further analysis of the well's logging and testing results would be required in order to re-evaluate the Jawhara prospect.

In view of these results, DNO reassessed its work plan for 2015 and sought an extension of the first renewal period of the Sfax Permit. In August 2015, DNO received the necessary regulatory approval from the Tunisian authorities for a two-year extension of the first renewal period related to the Sfax Permit, extending the first renewal period and the associated exploration well drilling obligation to December 8, 2017. In addition, the extension requires the acquisition of 700 km of 2-dimensional seismic. As previously indicated, DNO is responsible for all obligations and costs associated with the renewal.

Notwithstanding the approval of the extension of the first renewal period, the current capital markets environment and the associated volatility in the price of oil causes significant uncertainties to Eurogas International's determination of possible cash flows from its oil and natural gas activities. Accordingly, Eurogas International carries its investment in the Sfax Permit at a cost of $nil as at December 31, 2015.

*RESULTS OF OPERATIONS*

In 2015, Eurogas International incurred a loss before income taxes of $0.9 million, compared with losses of $9.6 million in 2014. Given the significant downturn and volatility in the market price of oil during late 2014, as well as the unfavourable results of drilling activities as outlined above, Eurogas International recognized an impairment loss of $7.5 million in 2014 in respect of the Sfax Permit

In response to its current operating environment, during 2015, Eurogas International implemented cost cutting measures to preserve its cash resources. As a result of these initiatives, general and administrative expenses decreased to $0.6 million in 2015, compared with general and administrative expenses of $0.8 million incurred during 2014.

Interest expense in Eurogas International represents interest incurred by Eurogas International in respect of its debt arrangements with Dundee Corporation. These amounts are eliminated as intersegment amounts in the 2015 Audited Consolidated Financial Statements.

| *For the years ended December 31,* | | 2015 | | 2014 |
|---|---|---|---|---|
| Other items in net loss before taxes | | | | |
| Depreciation and depletion | $ | (123) | $ | (8,660) |
| General and administrative | | (561) | | (781) |
| Interest expense | | (182) | | (179) |
| Foreign exchange gain | | 14 | | 43 |
| Net loss before taxes, Eurogas International Inc. | **$** | **(852)** | **$** | **(9,577)** |
| **Net loss before taxes, Eurogas International Inc. attributable to:** | | | | |
| Owners of Dundee Corporation | $ | (454) | $ | (5,714) |
| Non-controlling interest | | (398) | | (3,863) |
| Net loss before taxes, Eurogas International Inc. | **$** | **(852)** | **$** | **(9,577)** |

During the fourth quarter of 2015, Eurogas International incurred a loss before income taxes of $0.3 million, compared with losses of $8.8 million in the same period of the prior year. Losses in the fourth quarter of the prior year include the impairment amounts outlined above.

*CHANGES IN FINANCIAL CONDITION*

Dundee Corporation has provided Eurogas International with a $5.0 million revolving term credit facility, pursuant to which Eurogas International has agreed to pay interest at a rate per annum equal to the prime lending rate for loans as set out by a Canadian Schedule I Chartered Bank, plus 1.25%. Dundee Corporation may, at its discretion and subject to the necessary regulatory approvals, require Eurogas International to convert all amounts outstanding, including any interest outstanding, into common shares of Eurogas International, subject to a minimum conversion price of $0.05 per common share of Eurogas International. At December 31, 2015, Eurogas International had drawn $4.6 million against this facility, including a net amount of $0.4 million advanced by Dundee Corporation during 2015.

In addition, Eurogas International has issued preference shares from treasury with a par value of $32.2 million. The preference shares are held by Dundee Energy, and are subject to demand by Dundee Energy at any time, together with yet unpaid dividends thereon amounting to $9.5 million at December 31, 2015.

Both the $5.0 million revolving term credit facility provided by Dundee Corporation to Eurogas International, and the $32.2 million preference shares held by Dundee Energy, are eliminated as intersegment amounts in the 2015 Audited Consolidated Financial Statements. As a result of these financial obligations, Eurogas International had a negative working capital balance of $46.3 million at December 31, 2015. Eurogas International's ability to meet these obligations is conditional on the discovery of economically recoverable reserves, obtaining exploitation concessions for any such economically recoverable reserves, the ability to raise the necessary capital to finance development and settle its current obligations, and working capital from future profitable production or proceeds from the disposition of assets. There can be no assurance that Eurogas International will be successful in achieving these initiatives.

## BLUE GOOSE CAPITAL CORP.

Blue Goose continues to undergo significant strategic changes aimed at refocusing its core business and profitability, and building out the "Blue Goose" brand.

*RESULTS OF OPERATIONS*

| *For the years ended December 31,* | | 2015 | | 2014 |
|---|---|---|---|---|
| Revenues | | | | |
| Sales | $ | 58,084 | $ | 75,806 |
| Interest and dividends | | 478 | | 804 |
| | | 58,562 | | 76,610 |
| Cost of sales | | (71,965) | | (97,851) |
| Other items in net loss before taxes | | | | |
| Depreciation and depletion | | (3,551) | | (10,841) |
| General and administrative | | | | |
| Loss on sale of net assets | | (1,416) | | - |
| Other general and administrative | | (7,022) | | (9,168) |
| Fair value changes in livestock | | 17,187 | | 14,326 |
| Interest expense | | (3,774) | | (2,261) |
| Foreign exchange gain (loss) | | 5 | | (35) |
| Net loss before taxes, Blue Goose Capital Corp. | **$** | **(11,974)** | **$** | **(29,220)** |
| **Net loss before taxes, Blue Goose Capital Corp. attributable to:** | | | | |
| Owners of Dundee Corporation | $ | (10,371) | $ | (24,949) |
| Non-controlling interest | | (1,603) | | (4,271) |
| Net loss before taxes, Blue Goose Capital Corp. | **$** | **(11,974)** | **$** | **(29,220)** |

During 2015, Blue Goose incurred a net loss attributable to the owners of Dundee Corporation of $10.4 million. This represents a significant improvement over the net loss attributable to the owners of Dundee Corporation of $24.9 million incurred in the prior year.

*Contribution Margins*

In reporting its financial results, and in accordance with accounting requirements for biological assets, Blue Goose reports its beef and fish livestock on a fair value basis, with changes in fair value, including price changes and changes related to the physical growth of the livestock, reported in net earnings or loss. Costs to grow and expand livestock are generally not deferred, but rather, are included as cost of sales in the reporting period during which they were incurred and, as a result, cost of sales in any given period will not directly correspond to sales of livestock in the same period. Therefore, contribution margins may vary significantly from period to period. Blue Goose does not maintain a chicken livestock inventory.

| *For the year ended December 31,* | | | | | | | | | | | | 2015 |
|---|---|---|---|---|---|---|---|---|---|---|---|---|
| | | Beef | | Fish | | Chicken | | Feed | | Other | | Total |
| Sales | $ | 13,928 | $ | 4,256 | $ | 12,689 | $ | 25,154 | $ | 2,057 | $ | 58,084 |
| Cost of sales, period costs | | (14,320) | | (4,161) | | (13,031) | | (24,181) | | (2,546) | | (58,239) |
| | | (392) | | 95 | | (342) | | 973 | | (489) | | (155) |
| Fair value changes | | | | | | | | | | | | |
| Fair value changes in livestock | | 14,825 | | 2,362 | | - | | - | | - | | 17,187 |
| Cost of sales, fair value harvested | | (9,565) | | (4,161) | | - | | - | | - | | (13,726) |
| | | 5,260 | | (1,799) | | - | | - | | - | | 3,461 |
| Margin | $ | 4,868 | $ | (1,704) | $ | (342) | $ | 973 | $ | (489) | $ | 3,306 |
| Margin % | | 16.9% | | (25.7%) | | (2.7%) | | 3.9% | | (23.8%) | | 4.4% |

| *For the year ended December 31,* | | | | | | 2014 |
|---|---|---|---|---|---|---|
| | Beef | Fish | Chicken | Feed | Other | Total |
| Sales | $ 17,172 | $ 3,223 | $ 19,789 | $ 30,824 | $ 4,798 | $ 75,806 |
| Cost of sales, period costs | (14,537) | (6,710) | (30,003) | (29,788) | (3,591) | (84,629) |
| | 2,635 | (3,487) | (10,214) | 1,036 | 1,207 | (8,823) |
| Fair value changes | | | | | | |
| Fair value changes in livestock | 9,789 | 4,537 | - | - | - | 14,326 |
| Cost of sales, fair value harvested | (10,672) | (2,550) | - | - | - | (13,222) |
| | (883) | 1,987 | - | - | - | 1,104 |
| Margin | $ 1,752 | $ (1,500) | $ (10,214) | $ 1,036 | $ 1,207 | $ (7,719) |
| Margin % | 6.5% | (19.3%) | (51.6%) | 3.4% | 25.2% | (8.6%) |

Beef sales were $13.9 million in 2015 (2014 – $17.2 million), a decrease of $3.3 million or 19%, compared with the prior year. The decrease resulted from the winding down of non-core cattle operations in Ontario and Colorado, which allowed Blue Goose to redeploy capital and focus on the continuing expansion of its organic beef operations in British Columbia. Further, Blue Goose received its export license from the United States Department of Agriculture ("USDA") in late 2015. This will allow Blue Goose to export processed beef to the United States, which is expected to start in mid-2016.

Fish sales were $4.3 million in 2015 (2014 – $3.2 million). The $1.1 million or 34% increase reflects significant physical growth of fish stock in the year, rendering additional market-ready inventory. During 2015, Blue Goose expanded its retail distribution network for organic and natural fish to include both retail grocery stores as well as the food service industry. In addition, Blue Goose simplified its sales model during 2015, focusing on the sale of whole fish, eliminating processing costs and improving margins. The fish farming business is expected to continue to expand in 2016 based on strong customer demand as well as the expectation of receiving additional production quota.

Significant initiatives were undertaken during 2015 to improve margins in Blue Goose's chicken division, rationalizing existing product offerings, launching new product offerings to meet growing consumer demand, and negotiating more favourable input costs. Chicken sales in 2015 were $12.7 million, compared with sales of $19.8 million in the prior year, reflecting lower volumes sold. As a result of these undertakings, the chicken business saw a $9.9 million improvement in contribution margin year-over-year.

Blue Goose operations also include a feed division, which provides feed to the agricultural industry in southern Ontario. Feed sales in 2015 were $25.2 million, a decrease of $5.6 million or 18% from revenue levels of $30.8 million in 2014. Feed sales were impacted by a local outbreak of the Avian flu which affected the local market and correlated demand for feed in the second and third quarters of 2015. The average selling price per ton also decreased from the same period of the prior year as a result of lower commodity prices.

*General and Administrative Expenses*

Consistent with initiatives undertaken by other operating segments of Dundee Corporation, Blue Goose has undertaken an assessment of its administrative costs with a mandate of improving efficiencies. During 2015, general and administrative expenses decreased to $7.0 million, compared with general and administrative expenses of $9.2 million incurred in the prior year.

## *CHANGES IN FINANCIAL CONDITION*

*Changes in the Carrying Value of Land and Other Capital Assets*

Blue Goose has acquired high quality, productive land acreage which provides quality hay for cattle feeding. Landholdings are comprised of approximately 1.2 million acres, including both freehold (deeded) acres, leasehold acreage, grazing licenses and access to range in British Columbia. During 2015, Blue Goose continued to expand its real property holdings in British Columbia with the purchase of Fischer Farms in the first quarter of the year. This 1,083 acre hay producing property will help Blue Goose maintain its low cost production of organic hay for use in its cattle operations. Blue Goose also entered into leases for grazing rights in British Columbia of approximately 71,000 acres during the first quarter of the year.

| (in thousands of acres) | Acres of Deeded, Leased or Range Access as at December 31, 2015 | December 31, 2014 |
|---|---|---|
| British Columbia | 1,191 | 1,119 |
| Ontario | 7 | 9 |
| Colorado | - | 18 |
| | 1,198 | 1,146 |

During 2015, Blue Goose divested its U.S. Wagyu business, including all of its U.S. landholdings in Colorado. Blue Goose is continuing to divest its non-strategic landholdings in northern Ontario.

*Changes in Livestock Carrying Values*

| | Cattle | Fish | Inventory and Supplies | TOTAL |
|---|---|---|---|---|
| Carrying value, beginning of the year | $ 24,505 | $ 4,080 | $ 5,505 | $ 34,090 |
| **Transactions during the year ended December 31, 2015** | | | | |
| Net additions | 4,147 | 98 | 37,403 | 41,648 |
| Herd growth - physical changes | 9,335 | 2,335 | - | 11,670 |
| Herd growth - price changes | 5,491 | 26 | - | 5,517 |
| Disposition of Emma Farms, Owl Creek and Commonwealth | (3,580) | - | (3,371) | (6,951) |
| Net of product processed | (9,566) | (4,161) | (37,261) | (50,988) |
| Carrying value, end of the year | $ 30,332 | $ 2,378 | $ 2,276 | $ 34,986 |

Blue Goose also continued to increase the size of its organic cattle herd, adding 1,304 head or 11%, compared to the prior year end. This increase is net of the sale of the assets of Emma Farms, which included 1,054 head of Wagyu cattle. The company will continue to increase the size of its organic cattle herd to support future sales growth.

| (number of animals) | December 31, 2015 | Cattle herd as at December 31, 2014 |
|---|---|---|
| Breeding cattle and bulls | 5,934 | 5,123 |
| Immature livestock and feeder cattle | 7,094 | 6,601 |
| | 13,028 | 11,724 |

*Corporate Debt*

Blue Goose and its subsidiaries have entered into several borrowing arrangements, pursuant to which Blue Goose has borrowed an aggregate of $41.9 million as at December 31, 2015.

In May 2015, a subsidiary of Blue Goose established a credit facility with a Canadian Schedule I Chartered Bank that is comprised of a $7.5 million demand revolving credit facility bearing interest at prime plus 0.50%; a $4.7 million one-time advance for the purchase of certain real estate property, which amount bears interest at prime plus 1.50%; a one-time capital expenditure advance of $0.6 million bearing interest at prime plus 1.50%; and a revolving facility of up to $0.5 million for the purchase of machinery and equipment, bearing interest at prime plus 0.50%. At December 31, 2015, the subsidiary had drawn $7.5 million pursuant to a demand revolving credit facility, $4.6 million pursuant to the one-time advance arrangements, and it had borrowed a net amount of $0.5 million pursuant to machinery and equipment loan arrangements. The credit facility is secured against all of the assets of the subsidiary. In addition, Blue Goose has provided a guarantee of up to $3.5 million as further security against the credit facility.

Blue Goose has also established credit facilities of up to $24.8 million with a leading lender to the agricultural sector. These lending arrangements include a $14.8 million fixed term credit facility secured by a first charge mortgage against various real estate assets, and a separate $10.0 million real property loan facility. The fixed term credit facility bears interest at 5.157% per annum and matures on April 1, 2017. The real property loan bears interest at 3.05% per annum and matures on May 1, 2018. At December 31, 2015, Blue Goose had borrowed $13.3 million against the fixed term credit facility and $9.0 million against the real property loan.

In order to facilitate the acquisition and operations of its feed subsidiary, Blue Goose has also arranged for a $7.0 million demand term debt facility and a $3.0 million revolving term debt facility with a Canadian Schedule I Chartered Bank. Borrowings under the demand term debt facility bear interest at prime or, at the borrower's option, at the prevailing bankers' acceptance rate or London Interbank Offered Rate plus 0.75%. Borrowings under the revolving term debt facility bear interest at prime plus 1.25%. At December 31, 2015, the subsidiary had borrowed $6.1 million pursuant to this demand term debt facility and $1.0 million pursuant to the demand revolving credit facility. These facilities are secured against the assets of the subsidiary, as well as a limited guarantee from Blue Goose.

During 2015, Blue Goose repaid $15.3 million of debt following the disposition of certain assets.

At December 31, 2015, Blue Goose and its subsidiaries were in compliance with all covenants associated with its various debt arrangements.

The lending institutions to Blue Goose do not have recourse to Dundee Corporation in respect of any of the amounts borrowed under these arrangements. Blue Goose is actively engaged in a financing pursuant to which it is seeking to raise $20 million to improve working capital and to finance the equity portion of one or more acquisitions of assets. There can be no assurance that Blue Goose will be successful in these endeavours. Otherwise, Blue Goose may be dependent on the Corporation to fund any working capital shortfall. During 2015, the Corporation advanced $5.0 million to Blue Goose to expand its cattle herd, meet its working capital requirements, and to undertake the initiatives to improve efficiencies as outlined previously.

*Transaction between Blue Goose Capital Corp. and Gulfstream Acquisition 1 Corp.*
On February 23, 2016, Gulfstream Acquisition 1 Corp. ("Gulfstream") announced that it had entered into a non-binding letter of intent with Blue Goose pursuant to which Gulfstream would acquire all of the issued and outstanding common shares of Blue Goose in exchange for shares of Gulfstream (the "Gulfstream Transaction"). Gulfstream is a capital pool company as defined on the Toronto Venture Exchange and accordingly, its planned principal activity is to use its capital to investigate and acquire a business or group of assets in a qualifying transaction. It is anticipated that upon completion of the transaction, Gulfstream will continue on with the business of Blue Goose as its wholly-owned subsidiary and that the Corporation will continue to hold a controlling position in Gulfstream.

The Gulfstream Transaction is conditional on Blue Goose completing a brokered private placement of subscription receipts for gross proceeds of a minimum of $20.0 million. Each subscription receipt will be converted into one common share of Blue Goose upon the satisfaction of certain escrow release conditions, and into the equivalent value of shares of Gulfstream, if the Gulfstream transaction is subsequently completed.

## AGRIMARINE HOLDINGS INC.

*RESULTS OF OPERATIONS*
On July 3, 2014, the Corporation acquired control of AgriMarine following the conversion of previously issued convertible notes, following which the Corporation began to consolidate the operations of this entity. As a result, the operations for the comparative period outlined below represent the results of AgriMarine for the period between acquisition of control on July 3, 2014 to December 31, 2014, whereas the results in 2015 include the full 12 months of operations.

| *For the years ended December 31,* | 2015 | 2014 |
|---|---|---|
| Revenues | | |
| Sales of livestock | $ 7,527 | $ 2,936 |
| Interest, dividends and other | 51 | (593) |
| | 7,578 | 2,343 |
| Cost of sales | (9,317) | (4,648) |
| Other items in net loss before taxes | | |
| Depreciation and depletion | (18,713) | - |
| General and administrative | (4,679) | (2,647) |
| Fair value changes in livestock | 951 | (732) |
| Interest expense | (21) | (2) |
| Foreign exchange gain | 379 | 263 |
| Net loss before taxes, AgriMarine Holdings Inc. | **$ (23,822)** | **$ (5,423)** |
| **Net loss before taxes, AgriMarine Holdings Inc. attributable to:** | | |
| Owners of Dundee Corporation | $ (23,729) | $ (5,139) |
| Non-controlling interest | (93) | (284) |
| Net loss before taxes, AgriMarine Holdings Inc. | **$ (23,822)** | **$ (5,423)** |

In 2015, AgriMarine incurred a net loss of $23.7 million attributable to owners of Dundee Corporation. On May 23, 2015, AgriMarine Technologies executed definitive transaction documents for the manufacture and sale of two closed-containment tanks to a third-party in Norway as part of a collaborative research and development project. These arrangements replaced what had been originally conceived by AgriMarine as a future royalty and master license agreement with the same third-party, and which had been carried at a value of $13.6 million. Accordingly, during the second quarter of 2015, AgriMarine accelerated the depreciation of the intangible asset by $13.6 million, bringing its future value to zero. In addition, AgriMarine wrote down certain capital assets by a further $5.1 million after a reassessment of their future value to current operations. After adjusting for these one-time charges, operating losses attributable to owners of Dundee Corporation were approximately $5.0 million, compared with operating losses of $5.1 million in 2014.

AgriMarine continues to rationalize its cost structure, focusing on achieving profitability for its West Coast Fishculture farming operation and sourcing third-party revenue for its AgriMarine Technologies division, while it continues to prove the commercial viability of its closed containment tank technology.

*Contribution Margins*

During 2015, AgriMarine generated revenue of $7.5 million and a negative contribution margin before fair value changes and writedowns of $0.4 million.

| *For the years ended December 31,* | 2015 | 2014 |
|---|---|---|
| Revenues | $ 7,527 | $ 2,936 |
| Cost of sales | (7,960) | (3,085) |
| Contribution margin before fair value changes and writedowns | (433) | (149) |
| Fair value changes in livestock | 951 | (732) |
| Writedowns | (1,357) | (1,563) |
| | $ (839) | $ (2,444) |

*CHANGES IN FINANCIAL CONDITION*

| | Biological Assets | Inventory and Supplies | TOTAL |
|---|---|---|---|
| Carrying value, beginning of year | $ 4,914 | $ 707 | $ 5,621 |
| **Transactions during the year ended December 31, 2015** | | | |
| Net additions | 2,024 | 118 | 2,142 |
| Biomass growth | 951 | - | 951 |
| Carrying value, end of year | $ 7,889 | $ 825 | $ 8,714 |

The carrying value of AgriMarine's biological assets and inventory at December 31, 2015 was $8.7 million, an increase of $3.1 million or 55% from values of $5.6 million at December 31, 2014. During 2015, AgriMarine completed the installation of two additional closed-containment tanks at its West Coast Fishculture site in Lois Lake, British Columbia, providing additional biomass capacity. AgriMarine successfully increased its biological assets, net of mortalities and other inventory write offs, and expects to be able to meet future demand on a consistent basis.

During 2015, Dundee Corporation advanced $10.2 million to AgriMarine in order to supplement working capital requirements and to fund certain capital expenditures. At December 31, 2015, AgriMarine had cash of $0.7 million, and it had liabilities, other than liabilities due to Dundee Corporation, of $2.8 million. There can be no assurance that AgriMarine will have access to the necessary cash to carry out its current business plan.

## DUNDEE 360 REAL ESTATE CORPORATION

During 2015, Dundee 360 generated a net loss attributable to the owners of Dundee Corporation of $23.8 million. Dundee 360 reported a net operating loss attributable to owners of Dundee Corporation of $5.8 million in the comparative period of the prior year, representing losses incurred by Dundee 360 since July 2, 2014, the effective date of the Corporation's acquisition of control of Dundee 360. Operating losses during 2015 include $14.6 million of depreciation costs associated with certain intangible assets obtained as part of the July 2014 acquisition of control.

*RESULTS OF OPERATIONS*

| *For the year ended December 31, 2015* | Sales and Marketing | Hospitality and Asset Management | Real Estate Developments | Other | Total |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Gross commission income | $ 67,218 | $ - | $ - | $ - | $ 67,218 |
| Consulting and management fees | - | 8,133 | 5,297 | - | 13,430 |
| Sales and marketing fees | 835 | - | - | - | 835 |
| Other revenue | 6,810 | 63 | 100 | 52 | 7,025 |
| Interest, dividends and other | 109 | 154 | 162 | 5 | 430 |
| | 74,972 | 8,350 | 5,559 | 57 | 88,938 |
| Cost of sales | (61,390) | - | - | - | (61,390) |
| Other items in net loss before taxes | | | | | |
| Depreciation and depletion | (1,531) | (2,823) | (9,998) | (297) | (14,649) |
| General and administrative | (14,017) | (3,212) | (10,273) | (8,991) | (36,493) |
| Share of loss from real estate joint ventures | - | - | (181) | - | (181) |
| Net (loss) earnings before taxes, Dundee 360 Real Estate Corporation | **$ (1,966)** | **$ 2,315** | **$ (14,893)** | **$ (9,231)** | **$ (23,775)** |
| **Net (loss) earnings before taxes, Dundee 360 Real Estate Corporation attributable to:** | | | | | |
| Owners of Dundee Corporation | $ (1,966) | $ 2,315 | $ (14,773) | $ (9,231) | $ (23,655) |
| Non-controlling interest | - | - | (120) | - | (120) |
| Net (loss) earnings before taxes, Dundee 360 Real Estate Corporation | **$ (1,966)** | **$ 2,315** | **$ (14,893)** | **$ (9,231)** | **$ (23,775)** |

*Real Estate Brokerage and Sales and Marketing Activities*

Dundee 360 is involved in the listing, marketing and selling of real estate, both in the residential resale market and for stand-alone real estate projects. As part of these initiatives, Dundee 360 is party to a franchise agreement, which grants Dundee 360 the exclusive right to the use of the "Sotheby's International Realty" name and related trademarks across Canada for a period of 25 years ending in 2029, with a unilateral right to extend the franchise agreement for an additional 25-year term. Franchise fees pursuant to this arrangement are 6% of gross commission revenues with minimum annual payments of US$1.0 million. In addition, Dundee 360 markets real estate internationally, working with the Sotheby's network of franchised offices throughout the world to assist in the listing and selling of international developments.

Gross commission revenues for the listing, marketing and selling of real estate assets in 2015 were $67.2 million. Commissions paid to associated brokers and agents in respect of this revenue stream were $61.4 million, providing Dundee 360 with a contribution margin of $5.8 million or 9%. In addition, Dundee 360 earned $7.8 million of other revenues in this division, including $6.8 million of fees paid by its network of brokers and agents for the provision of marketing, administrative and support services and $0.8 million in revenues earned from sales and marketing of large condominium projects.

*Hospitality and Asset Management Activities*

Hospitality and asset management activities encompass the management and operations of international hotel, resort, residential and commercial properties.

Dundee 360 has entered into a series of agreements with members of Enchantment Group, a resort company based in the United States with equity interests in various hotels, resorts and destination spas. Under the terms of these agreements, which expire in May 2025, Dundee 360 manages the *"Enchantment Resort*" in Sedona, Arizona including the *"Mii amo"* destination spa and the *"Tides Inn"* a Chesapeake Bay waterfront resort in Virginia, in exchange for a fee calculated on gross revenues earned by these select properties. In connection with these arrangements, Dundee 360 entered into a pre-development agreement to prepare a plan to redevelop the Tides Inn in exchange for an option to acquire an interest in the underlying project. The option originally expired in November 2015, but has been extended to May 2016 in order to permit the parties to negotiate the underlying value of the asset and the redevelopment plan. The option carries a penalty of US$1.0 million if the option is not exercised. Under the terms of these arrangements, and regardless of whether the option is exercised, Dundee 360 is also committed to assume 50% of any operating losses incurred by the Tides Inn for a period of up to three years commencing November 13, 2015. Dundee 360 currently estimates that its share of these costs will aggregate approximately US$2.0 million.

Dundee 360 is also under contract with Northlight Asset Management II LLC to manage the Seven Canyons Golf Course in Sedona, Arizona for a 30 year period ending in May 2043. Management fee services are provided in exchange for a fee calculated on gross revenues generated by the golf club.

In the second quarter of 2015, Dundee 360 added three new hospitality agreements pursuant to which Dundee 360 will provide management services for a luxury resort in the Bahamas and two resorts in Arizona. Revenues are earned as a percentage of the resorts' annual gross operating revenue, with one of the agreements subject to a guaranteed annual floor amount. Dundee 360 is entitled to receive incentive fees if certain net operating income targets are met by the resorts.

During 2015, Dundee 360 generated total revenues of $8.4 million from hospitality and asset management activities, inclusive of a $4.0 million termination payment in respect of its previous arrangement with Ivanhoé Cambridge to provide hotel management services for certain hotels. In connection with the termination, Dundee 360 accelerated the depreciation of an intangible asset previously attributed to the now terminated contract by $1.7 million, reducing the carrying value to zero.

*Real Estate Development Activities*

*Parq Resort & Casino*

Dundee 360 has entered into development and asset management agreements to develop and operate the Parq Resort & Casino project in Vancouver, British Columbia (see "*Significant Investments Accounted for Under the Equity Method – Significant Developments in Equity Accounted Investments*"). Dundee 360 earned revenues of $2.4 million in fees from this project, calculated as a percentage of total construction costs.

*Development in the Gangwon Province*

Dundee 360 has signed a framework agreement with the Gangwon Province of the Republic of Korea pursuant to which Dundee 360 will provide advisory services for the planning and development of a world class, year-round recreational and mixed-use real estate development directly south of and in close proximity to the 2018 Winter Olympic site of Gangneung. Dundee 360 will provide the project with a master plan and related economics to which the East Coast Development Company can structure financing and monetize Dundee 360's investment. On February 26, 2015, Dundee 360 was granted official project developer status for this project and the first committed investment of ₩600,000,000 (Cdn$673,000) under the framework agreement was received in July 2015, with the next installment expected in the second quarter of 2016.

*Edenarc 1800*

Edenarc 1800 is a ski-in and ski-out resort project development in the French Alps. Sotarbat 360, a French entity domiciled in Savoie, France, is the builder of the project. Dundee 360 provides development services for which it will earn a fee calculated as a percentage of project costs. The remaining build-out cost of approximately $50 million is being financed directly by the builder. During 2015, Edenarc 1800 completed and delivered the third and fourth phases of the project, with pre-sales for the fifth of nine phases to open in the last quarter of 2016 for delivery in the second quarter of 2017. During 2015, Dundee 360 earned $0.7 million of revenues from these arrangements. In addition to providing these services, Dundee 360 holds a 45% equity interest in Sotarbat 360, subject to a priority interest by the builder to a full recovery of all costs of development of the project. Dundee 360 accounts for its investment in Sotarbat 360 as a real estate joint venture investment, with a book value at December 31, 2015 of $2.2 million.

*Project Management and Procurement*

Dundee 360 provides project management and procurement services to a number of hotels to oversee refurbishments and infrastructure capital projects for which it earns fees based on a percentage of capital invested. During 2015, Dundee 360 earned revenues of $2.2 million in fees from project management and procurement services.

*Clearpoint Resort and First Bay Resort Limited*

Dundee 360 has an approximate 86% interest in Clearpoint Resort Limited, a Maltese corporation ("CRLM"), through which Dundee 360 had anticipated to develop the Clearpoint Resort project in Cavtat, Croatia. A master planned hotel, marina and recreational accommodations project, the project has an estimated full build-out cost of $185 million and requires land accumulation of 25.6 acres, of which approximately 5.9 acres is currently owned. Amounts owing to the Erste & Steiemarkische Bank in respect of CRLM were fully repaid in April 2015, resulting in the extinguishment of all debt arrangements and liens against the property. Dundee 360 is currently looking for potential strategic investors to purchase or partner in the assets held by CRLM.

Dundee 360 had previously advanced approximately $3.1 million to First Bay Resort Limited to finance the development of a project in Primosten, Croatia. During 2015, Dundee 360 impaired the carrying value of this loan to $nil and is currently assessing potential financing opportunities and converting its loan to equity in the underlying project.

Due to the resulting delays of these projects, during 2015, Dundee 360 recognized an impairment of $2.7 million on intangible assets that were supported by the expectation of Dundee 360 earning management fees for the development of both of these resort projects.

*Developments in Cuba*

Subsequent to 2015, Dundee 360 entered into negotiations for the monetization of its assets and rights in Cuba. The closing of a monetization transaction is subject to approval from the Government of Cuba.

*CHANGES IN FINANCIAL CONDITION*

*Real Estate Debt*

Dundee 360, through its investment in a subsidiary, assumed a long term obligation with Erste & Steiermarkische Bank in Croatia that is secured by land held in Croatia. In April 2015, Dundee 360 repaid the remaining principal amount on the loan plus interest against amounts borrowed. The remaining loans and borrowings owed by Dundee 360 represent a tenant improvement loan, which does not have a material impact to Dundee 360.

At December 31, 2015, Dundee 360 and its subsidiaries had borrowed $0.6 million pursuant to arrangements to further develop its real estate initiatives in South Korea. These amounts bear interest at 5% and mature in 2022. In addition, Dundee 360 had borrowed $0.2 million pursuant to a tenant improvement loan that matures in 2019.

During 2015, the Corporation advanced $7.3 million to Dundee 360 in order to supplement working capital requirements and to advance the development of its real estate projects. At December 31, 2015, Dundee 360 had cash of $5.5 million and its current liabilities, other than amounts due to Dundee Corporation, were $8.3 million. Dundee 360 is currently exploring long-term capital sources and potential financing vehicles to allow Dundee 360 to continue growing its business. Without the financial support of the Corporation, there can be no assurance that Dundee 360 will have access to the necessary funding to carry out its current business plan.

## OTHER CONSOLIDATED BALANCES AND CAPITAL STRUCTURE

### 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. In 2015, the Corporation reported head office general and administrative expenses of $29.1 million, compared with a recovery amount of general and administrative expenses in 2014 of $0.8 million.

| *For the years ended December 31,* | | 2015 | | 2014 |
|---|---|---|---|---|
| Direct compensation | $ | 14,318 | $ | 7,019 |
| Incentive arrangements | | 3,925 | | (6,424) |
| Stock based compensation arrangements | | (2,568) | | (17,271) |
| | | 15,675 | | (16,676) |
| Corporate and professional fees | | 6,467 | | 8,884 |
| Other | | 6,908 | | 6,983 |
| | $ | 29,050 | $ | (809) |

Salary and salary related expenses represent $15.7 million or 54% of total general and administrative expenses. Direct compensation amounts in 2015 were $14.3 million, compared with $7.0 million in 2014, and include $5.3 million associated with the retention and ongoing compensation of new employees that have been tasked with the specific mandate of developing the Corporation's wealth management strategy. Incentive compensation during 2015 was $3.9 million. During 2014, the Corporation adjusted its estimate of incentive compensation arrangements related to prior periods by $6.4 million, resulting in a year-over-year discrepancy of $10.3 million.

In connection with a transaction completed in 2013, the Corporation has determined that certain stock based compensation arrangements constitute a liability to the Corporation, the amount of which will vary in correlation to the market price of a class A subordinate voting share of DREAM, with changes reported in net earnings or loss. These arrangements are more fully described in note 27 to the 2015 Audited Consolidated Financial Statements. During 2014, and primarily as a result of depreciation in the market value of the DREAM class A subordinate voting share, the Corporation's stock based compensation liability decreased by $17.3 million. In 2015, the market value of these liabilities contributed to a decrease by a further $2.6 million, and resulted in a year-over-year variance in stock based compensation expense of $14.7 million.

### Corporate Interest Expense

Corporate interest expense was $9.9 million in 2015, compared to $9.7 million of interest expense incurred in 2014, reflecting an increase in the average borrowings over the respective periods.

### Income Tax Recovery

The Corporation's effective income tax recovery rate was 9.5% for 2015 (2014 – 12.8%). This effective income tax recovery rate is significantly different from the statutory combined federal and provincial tax rate of 26.5%, primarily due to impairment of resource properties and operating losses incurred by certain subsidiaries, the benefits of which were not recognized in the 2015 Audited Consolidated Financial Statements.

**Net Deferred Income Tax Liabilities**

The Corporation's net deferred income tax assets at December 31, 2015 were $22.1 million, and represent deferred income tax assets of $102.1 million, offset by deferred income tax liabilities of $80.0 million. This compares to net deferred income tax liabilities of $40.2 million at December 31, 2014. The change in deferred income tax balances results primarily from changes in the fair value of the Corporation's investments. Components of the Corporation's net deferred income tax assets are detailed in note 29 to the 2015 Audited Consolidated Financial Statements.

The Corporation's aggregate income tax loss carry forwards at December 31, 2015 were $588.1 million (2014 – $288.2 million). Included in the Corporation's deferred income tax balances is a tax benefit of $77.0 million (2014 – $32.6 million) in respect of these tax losses.

**Corporate Debt**

| | | Revolving Term Credit Facilities | | | | |
|---|---|---|---|---|---|---|
| | $6.5 million Exchangeable Debentures | $250 million Corporate* | Dundee Energy Debt | Blue Goose Debt | Dundee 360 Debt | TOTAL |
| Balance, December 31, 2014 | $ 6,473 | $ 89,596 | $ 61,617 | $ 52,018 | $ 3,935 | $ 213,639 |
| Draws (Repayments) | (6,473) | (15,957) | (2,815) | (10,082) | (3,189) | (38,516) |
| Balance, December 31, 2015 | $ - | $ 73,639 | $ 58,802 | $ 41,936 | $ 746 | $ 175,123 |

* *In addition the Corporation has issued letters of credit in the amount of $22.5 million that maybe drawn under certain circumstances.*

On April 30, 2015, the Corporation established a $250.0 million revolving term credit facility with a syndicate of Canadian Schedule I Chartered Banks. The facility matures on November 11, 2016. Borrowings under the facility bear interest at a rate per annum equal to the prime lending rate for loans plus 0.60% or, at the Corporation's option, at the prevailing bankers' acceptance rate or London Interbank Offered Rate plus 1.60%, provided amounts borrowed are less than $140.0 million. If amounts borrowed exceed $140.0 million, amounts drawn against the facility will bear interest at a rate per annum equal to the prime lending rate for loans plus 0.75% or, at the Corporation's option, at the prevailing bankers' acceptance rate or London Interbank Offered Rate plus 1.75%. Unused amounts available under the facility are subject to an annual standby fee ranging from 0.36% to 0.39375%. The Corporation has granted a first ranking security over all of its assets as security against amounts borrowed under these arrangements.

In addition to restrictions customary to these types of arrangements, including restrictions on the existence of other secured indebtedness, the Corporation's $250.0 million credit facility requires the maintenance of certain financial ratios between the fair value of certain of the Corporation's investments relative to amounts borrowed. Therefore, the Corporation's borrowing availability will increase or decrease, reflecting corresponding increases or decreases in the Corporation's investments. At December 31, 2015, the Corporation was in compliance with all debt covenants under the terms of the credit facility.

At December 31, 2015, the Corporation had drawn $73.6 million against the facility and it had issued letters of credit to support certain of its investments for an additional $17.5 million and €2.4 million (CAD$3.6 million). At December 31, 2015, the Corporation had cash and bank debt availability of $60.1 million in its corporate and other portfolio holdings segment. Reflective of improvements in the market value of some of the Corporation's investments since December 31, 2015, at March 29, 2016, the amounts of cash and borrowing availability had increased to $84.0 million.

The Corporation's lending arrangements have historically been structured with a term of one year, and require renewal at the maturity date. The Corporation has initiated preliminary discussions with its lenders to renew its current revolving term credit facility. Consistent with past practice, the Corporation anticipates that its revolving term credit facility will be renewed in November 2016 for an additional one-year period.

On June 30, 2015, the Corporation repaid $6.5 million due pursuant to its previously issued 5.85% exchangeable unsecured subordinated debentures by delivering (i) 218,175 units of Dream Office Real Estate Investment Trust with a value of $5.3 million, being all of the remaining units of Dream Office Real Estate Investment Trust held by the Corporation; and (ii) cash of $1.2 million. The obligations of the Corporation pursuant to the terms of the debentures were subsequently extinguished.

**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*".

**Share Capital**

*Preference Shares*

At December 31, 2015, the Corporation's outstanding preference share arrangements were as follows:

| Trade Symbol | Series | # of Shares Outstanding | Face Value per Share | Total Face Value | Coupon Rate | Carrying Value |
|---|---|---|---|---|---|---|
| DC.PR.B | Series 2 | 3,479,385 | $25.00 | $86,985 | 5.688% - 5-year fixed rate | $84,053 equity instrument |
| DC.PR.D | Series 3 | 1,720,615 | $25.00 | $43,015 | 4.48% - quarterly floating rate | $43,015 equity instrument |
| DC.PR.C | Series 4 | 6,000,000 | $17.84 | $107,040 | 5.00% fixed rate | $106,915 debt instrument |

A full description of the terms of the Corporation's preference shares is provided in note 22 to the 2015 Audited Consolidated Financial Statements.

Holders of the Corporation's Preference Shares, series 4 had the right to redeem their Preference Shares, series 4 on or after June 30, 2016, the result of which could have required the Corporation to fund $107.04 million to settle the redemption request. In late 2015, the Corporation requested that holders of Preference Shares, series 4 consider deferring their redemption rights until June 30, 2019, allowing the Corporation to redeploy capital to other business initiatives. With the approval of the holders of the Preference Shares, series 4, on January 28, 2016, the Corporation's Preference Shares, series 4 were exchanged for (i) 0.7136 of a new series of first preference shares of the Corporation, designated as First Preference Shares, series 5 ("Preference Shares, series 5"); and (ii) 0.25 of a warrant, each whole warrant entitling the holder thereof to purchase one Subordinate Share of the Corporation at $6.00 per Subordinate Share at any time prior to or on June 30, 2019 ("Subordinate Share Warrants"). The Preference Shares, series 5 have a redemption date of June 30, 2019, subject to certain amounts that may be redeemed earlier in accordance with the terms of the Preference Shares, series 5. A full description of the terms of the Corporation's Preference Shares, series 5 and of the terms of the Subordinate Share Warrants is provided in note 37 to the 2015 Audited Consolidated Financial Statements.

*Common Shares*

As at December 31, 2015, there were 55,529,801 Class A subordinate voting shares and 3,115,232 Class B common shares outstanding. At March 29, 2016, the number of outstanding shares had increased to 55,535,077 Class A subordinate voting shares and 3,115,230 Class B common shares.

On April 14, 2015, the Corporation announced that it had received regulatory approval for the renewal of its normal course issuer bid from April 16, 2015 to April 15, 2016. The normal course issuer bid allows the Corporation to purchase up to a maximum of 3,576,599 Class A subordinate voting shares for subsequent cancellation, representing approximately 10% of the public float at the time approval for the normal course issuer bid was granted. In 2015, the Corporation acquired 57,000 Class A subordinate voting shares for cancellation pursuant to these arrangements, at a total cost of $0.6 million, representing a cost of $9.68 per share.

In April 2015, the Corporation issued 256,420 Class A subordinate voting shares with a value of $3.0 million to certain executives of Dundee 360. These shares were issued pursuant to the terms of the acquisition of Dundee 360 completed in July 2014. In 2015, the Corporation issued 2,089,107 Class A subordinate voting shares on the exercise of options and it issued 45,013 Class A subordinate voting shares on settlement of deferred share units upon the departure of a director.

At December 31, 2015, the Corporation had awarded 1,336,863 deferred share units under its deferred share unit plan, each deferred share unit of which tracks the value of the Corporation's Class A subordinate voting shares. In addition, the Corporation had awarded 1,285,079 deferred share units that track the value of a Class A subordinate voting share of DREAM. There were no options outstanding as at December 31, 2015.

## CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

On a consolidated basis, the Corporation reported cash of $233.6 million at December 31, 2015, compared with cash of $245.8 million at December 31, 2014. The following tables illustrate the Corporation's consolidated cash flow on a segmented basis, including net cash flow movements between Dundee Corporation and each of its operating segments.

| *For the year ended December 31, 2015* | Opening Cash | Operating Activities | Investing Activities | Financing Activities | Intersegment | Closing Cash **2015** |
|---|---|---|---|---|---|---|
| *Corporate and other portfolio holdings* | $ 24,457 | $ (30,354) | $ 146,005 | $ (13,115) | $ (77,803) | $ 49,190 |
| *Asset management and capital markets* | | | | | | |
| Goodman & Company, Investment Counsel Inc. | 418 | (2,765) | - | - | 3,620 | 1,273 |
| Dundee Securities Ltd. | 198,368 | (25,581) | (3,005) | - | 1,737 | 171,519 |
| *Resource industry* | | | | | | |
| Dundee Energy Limited | 829 | 2,829 | 122 | (2,291) | (1,403) | 86 |
| United Hydrocarbon International Corp. | 9,781 | (32,781) | (22,997) | - | 48,713 | 2,716 |
| Dundee Sustainable Technologies Inc. | 290 | (6,792) | 5,006 | 935 | 2,240 | 1,679 |
| Eurogas International Inc. | 349 | (758) | - | - | 435 | 26 |
| *Agriculture industry* | | | | | | |
| Blue Goose Capital Corp. | 2,033 | 21,655 | (24,576) | (3,109) | 4,989 | 992 |
| AgriMarine Holdings Inc. | 1,174 | (7,416) | (3,052) | (180) | 10,205 | 731 |
| *Real Estate industry* | | | | | | |
| Dundee 360 Real Estate Corporation | 8,104 | (4,311) | (2,802) | (2,783) | 7,267 | 5,475 |
| | 245,803 | (86,274) | 94,701 | (20,543) | - | 233,687 |
| Less: Assets held for sale | - | - | - | - | - | (21,786) |
| | $ 245,803 | $ (86,274) | $ 94,701 | $ (20,543) | $ - | $ 211,901 |

| *For the year ended December 31, 2014* | Opening Cash | Operating Activities | Investing Activities | Financing Activities | Intersegment | Closing Cash **2014** |
|---|---|---|---|---|---|---|
| *Corporate and other portfolio holdings* | $ 10,477 | $ 7,984 | $ 159,107 | $ 66,488 | $ (219,599) | $ 24,457 |
| *Asset management and capital markets* | | | | | | |
| Goodman & Company, Investment Counsel Inc. | 1,062 | (1,942) | - | - | 1,298 | 418 |
| Dundee Securities Ltd. | 151,643 | 66,600 | (20,117) | - | 242 | 198,368 |
| *Resource industry* | | | | | | |
| Dundee Energy Limited | 111 | 13,246 | (10,676) | (4,092) | 2,240 | 829 |
| United Hydrocarbon International Corp. | 19,167 | (7,681) | (175,286) | 20 | 173,561 | 9,781 |
| Dundee Sustainable Technologies Inc. | 1,275 | (6,896) | (288) | 357 | 5,842 | 290 |
| Eurogas International Inc. | 5 | (944) | 2,657 | - | (1,369) | 349 |
| *Agriculture industry* | | | | | | |
| Blue Goose Capital Corp. | 85 | 1,378 | (16,963) | 264 | 17,269 | 2,033 |
| AgriMarine Holdings Inc. | - | (3,467) | (1,839) | - | 6,480 | 1,174 |
| *Real Estate industry* | | | | | | |
| Dundee 360 Real Estate Corporation | - | (2,523) | 906 | (4,315) | 14,036 | 8,104 |
| | $ 183,825 | $ 65,755 | $ (62,499) | $ 58,722 | $ - | $ 245,803 |

Included in the Corporation's consolidated cash balance is $172.8 million of cash used in the operating businesses of the Corporation's asset management and brokerage subsidiaries. These 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 out of these regulated subsidiaries may be limited by their requirement to comply with regulatory capital requirements. At December 31, 2015 and December 31, 2014, the Corporation's regulated subsidiaries exceeded their minimum regulatory capital requirements.

Approximately $21.8 million of cash in these regulated subsidiaries is considered "held for sale" as it is expected to form part of the assets that will be transferred to Euro Pacific Canada upon completion of that transaction in April 2016. The Corporation expects that it will be able to redirect approximately $30 million of cash out of its regulated subsidiaries upon completion of the transaction, the proceeds of which the Corporation has currently targeted to further its wealth management business.

A more detailed discussion of significant transactions affecting cash flows in 2015 and 2014 is provided below.

*Significant Cash Flows – Operating Activities*

| *For the years ended December 31,* | Corporate | Dundee Securities | UHIC | Blue Goose | Dundee 360 | Other | Total 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| Operating activities: | | | | | | | | |
| Adjusted net loss* | $ (23,698) | $ (18,803) | $ (34,213) | $ (10,478) | $ (8,839) | $ (14,060) | $ (110,091) | $ (46,433) |
| Changes in client account balances | (13,120) | (5,018) | - | - | - | 195 | (17,943) | 98,312 |
| Changes in agricultural inventory | - | - | - | 37,283 | - | (2,051) | 35,232 | 18,552 |
| Changes in other working capital amounts | 10,239 | (2,016) | 1,432 | (5,207) | 4,989 | 1,014 | 10,451 | (29,715) |
| Changes in income taxes | (3,775) | 256 | - | 57 | (461) | - | (3,923) | 25,039 |
| Cash (used in) provided from operating activities | $ (30,354) | $ (25,581) | $ (32,781) | $ 21,655 | $ (4,311) | $ (14,902) | $ (86,274) | $ 65,755 |

* *Adjusted net earnings or loss are equal to net earnings or loss adjusted for items not affecting cash and other adjustments.*

- Changes in cash related to the Corporation's brokerage activities, including changes in client account balances and brokerage securities owned and sold short will vary significantly on a day-to-day basis to reflect the underlying business activities undertaken in that period and do not necessarily reflect any meaningful change in the subsidiaries'; financial position. Changes in these balances through 2015 resulted in net cash outflows of $5.0 million (2014 – net cash inflow of $64.4 million).
- During 2015, the Corporation completed the winding down of its banking operations conducted in the Cayman Islands. As part of that process, client account balances, including client cash balances, were transferred to other financial institutions, resulting in a net cash outflow of $13.1 million, all of which has been reflected in the corporate and portfolio holdings segment.
- During 2015, changes in the balances of agricultural inventory in Blue Goose resulted in net cash inflows of $37.3 million (2014 – $18.6 million).

*Significant Cash Flows – Investing Activities*

| *For the years ended December 31,* | Corporate | Dundee Securities | UHIC | Blue Goose | Dundee 360 | Other | Total 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| Investing activities: | | | | | | | | |
| Net proceeds from dispositions of portfolio investments | $ 154,944 | $ - | $ - | $ - | $ (1,810) | $ - | $ 153,134 | $ 159,117 |
| Net investment in resource properties | - | - | (22,611) | - | - | 122 | (22,489) | (179,969) |
| Net investment in livestock and other agricultural assets | - | - | - | (41,414) | - | - | (41,414) | (15,821) |
| Net investment in real estate | - | - | - | - | (573) | - | (573) | (47) |
| Cash generated from business combinations/dispositions | - | - | - | 23,997 | - | - | 23,997 | 2,780 |
| Other investment activities | (8,939) | (3,005) | (386) | (7,159) | (419) | 1,954 | (17,954) | (28,559) |
| Cash provided from (used in) investing activities | $ 146,005 | $ (3,005) | $ (22,997) | $ (24,576) | $ (2,802) | $ 2,076 | $ 94,701 | $ (62,499) |

- 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. During 2015, the Corporation generated net cash of $154.9 million from trading in its investment portfolio (2014 – $159.1 million).
- During 2015, UHIC invested $22.6 million into its resource properties, compared with $171.7 million invested in the prior year. The reduction reflects the curtailment of expenditures in response to current economic conditions and volatility in the price of oil and natural gas.
- In an effort to expand its inventory of livestock and meet demand, Blue Goose invested $41.4 million in agricultural assets during 2015, compared with $15.8 million in the prior year.
- During 2015, Blue Goose received net proceeds of $24.0 million from the sale of certain assets, including assets associated with its Wagyu business in Colorado and its aggregates business in Ontario. In the prior year, the acquisitions of Dundee 360 and AgriMarine resulted in an increase in cash balances of $2.8 million.

*Significant Cash Flows – Financing Activities*

| *For the years ended December 31,* | Corporate | Dundee Securities | UHIC | Blue Goose | Dundee 360 | Other | Total 2015 | 2014 |
|---|---|---|---|---|---|---|---|---|
| Financing activities: | | | | | | | | |
| Change in corporate debt | $ (17,178) | $ - | $ - | $ (3,195) | $ (2,933) | $ (2,815) | $ (26,121) | $ 82,593 |
| Issuance of Class A subordinate shares, net of issue costs | 11,587 | - | - | - | - | - | 11,587 | 236 |
| Acquisition of Class A subordinate shares, net of costs | (552) | - | - | - | - | - | (552) | (10,000) |
| Dividends paid on Preference Shares, series 2 and series 3 | (6,972) | - | - | - | - | - | (6,972) | (8,360) |
| Net cash from transactions with non-controlling interests | - | - | - | 86 | 150 | 1,279 | 1,515 | (5,747) |
| Cash (used in) provided from financing activities | $ (13,115) | $ - | $ - | $ (3,109) | $ (2,783) | $ (1,536) | $ (20,543) | $ 58,722 |

- Net amounts repaid against credit facilities available to the Corporation and to its subsidiaries during 2015 were $26.1 million (2014 – $82.6 million drawn).
- Proceeds from the exercise of options were $11.6 million in 2015 (2014 – $0.2 million).
- During 2015, the Corporation paid $0.6 million (2014 – $10.0 million) to purchase Class A subordinate voting shares for cancellation under its normal course issuer bid.
- Cash outflows include dividends of $7.0 million (2014 – $8.4 million) paid by the Corporation on its outstanding Preference Shares, series 2 and Preference Shares, series 3. The Corporation has not paid dividends on its Class A subordinate voting shares or on its common shares.

**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, and resources required for the development of resource, agricultural and real estate opportunities. 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.

The Corporation's intention is to meet short-term liquidity requirements through funds from operations, working capital reserves and operating debt facilities. Capital may also be generated through dispositions of investments.

The Corporation believes that its operating cash flow, combined with available lines of credit and its portfolio of investments provide sufficient resources for the Corporation to conduct its operations for the foreseeable future, including the development of its wealth management strategy, supporting the capital requirements of its regulated subsidiaries, funding the payment of dividends and interest payments on preference shares and debt obligations, and supporting growth initiatives of its subsidiaries, if the need arises. On an ongoing basis, the Corporation may require cash to develop its energy, resource, agricultural and real estate initiatives or to invest in other opportunities, including growth opportunities related to its portfolio of investments. If required, the Corporation may consider alternative financing options for certain investment initiatives, including possible debt or equity issuances.

# RESULTS OF OPERATIONS

**Three months ended December 31, 2015 compared with the three months ended December 31, 2014**

## Consolidated Net Earnings

During the fourth quarter of 2015, the Corporation incurred a net loss attributable to owners of Dundee Corporation of $54.9 million, representing a loss per share of $0.97. This compares to a loss of $178.2 million or a loss of $3.20 per share incurred during the fourth quarter of the prior year. The quarter-over-quarter variance is primarily a result of net losses resulting from changes in the market value of the Corporation's portfolio of investments that have been designated as held for sale. During the fourth quarter of 2015, changes in the market value of portfolio investments resulted in losses of $37.8 million, including a loss of $31.6 million related to the Corporation's investment in Dundee Precious. In the fourth quarter of the prior year, losses from changes in the market value of portfolio investments resulted in losses of $178.3 million, including a loss of $76.8 million related to the Corporation's investment in DREAM.

| *For the three months ended December 31,* | | 2015 Total | | 2014 Total |
|---|---|---|---|---|
| Net (loss) earnings before income taxes from: | | | | |
| Goodman & Company, Investment Counsel Inc. | $ | (576) | $ | 1,187 |
| Dundee Securities Ltd. | | (15,720) | | (9,785) |
| Dundee Energy Limited | | (5,120) | | (2,057) |
| United Hydrocarbon International Corp. | | (5,775) | | (2,744) |
| Dundee Sustainable Technologies Inc. | | (2,013) | | (23,805) |
| Eurogas International Inc. | | (281) | | (8,777) |
| Blue Goose Capital Corp. | | 1,714 | | (7,957) |
| AgriMarine Holdings Inc. | | (1,793) | | (2,752) |
| Dundee 360 Real Estate Corporation | | (12,047) | | (2,875) |
| | | (41,611) | | (59,565) |
| Adjusted for the corporate and other portfolio holdings segment: | | | | |
| Changes in the market value of investments: | | | | |
| Dundee Precious Metals Inc. | | (31,569) | | - |
| DREAM Unlimited Corp. | | 5,193 | | (76,809) |
| Other portfolio investments | | (11,389) | | (101,455) |
| Share of earnings from equity accounted investments | | 41,723 | | 14,838 |
| Other items in the corporate and other portfolio holdings segment | | (13,588) | | (6,269) |
| Income tax (expense) recovery | | (12,694) | | 34,898 |
| Net loss for the period | **$** | **(63,935)** | **$** | **(194,362)** |
| Net loss attributable to: | | | | |
| Owners of the parent | $ | (54,928) | $ | (178,224) |
| Non-controlling interest | | (9,007) | | (16,138) |
| | **$** | **(63,935)** | **$** | **(194,362)** |

# Segmented Results of Operations

## DUNDEE SECURITIES LTD.

*RESULTS OF OPERATIONS*

| *For the three months ended December 31,* | Capital Markets 2015 | Capital Markets 2014 | Retail & Other 2015 | Retail & Other 2014 | **TOTAL** 2015 | **TOTAL** 2014 |
|---|---|---|---|---|---|---|
| Revenues | | | | | | |
| Management fees | $ - | $ - | $ 2,442 | $ 1,944 | $ 2,442 | $ 1,944 |
| Financial services | | | | | | |
| Investment banking | 2,657 | 9,408 | - | - | 2,657 | 9,408 |
| Commissions | 4,678 | 5,738 | 4,397 | 5,572 | 9,075 | 11,310 |
| Principal trading | 583 | (3,374) | (22) | (161) | 561 | (3,535) |
| Foreign exchange trading | - | - | 57 | 197 | 57 | 197 |
| Interest, dividends and other | 301 | 22 | 2,065 | 3,206 | 2,366 | 3,228 |
| | 8,219 | 11,794 | 8,939 | 10,758 | 17,158 | 22,552 |
| Cost of sales | | | | | | |
| Variable compensation | (4,738) | (7,354) | (4,699) | (5,720) | (9,437) | (13,074) |
| Other items in net loss | | | | | | |
| Depreciation | (94) | (137) | (2,280) | (392) | (2,374) | (529) |
| General and administrative | | | | | | |
| - direct | (6,523) | (7,057) | (10,508) | (6,684) | (17,031) | (13,741) |
| - allocated | (1,556) | (1,761) | (2,561) | (3,270) | (4,117) | (5,031) |
| Interest expense | (20) | (15) | (22) | (41) | (42) | (56) |
| Foreign exchange gain | 80 | 94 | 43 | - | 123 | 94 |
| Net loss attributable to Dundee Securities Ltd. | **$ (4,632)** | **$ (4,436)** | **$ (11,088)** | **$ (5,349)** | **$ (15,720)** | **$ (9,785)** |
| **Net loss before taxes, Dundee Securities Ltd. attributable to:** | | | | | | |
| Owners of Dundee Corporation | $ (4,632) | $ (4,436) | $ (11,088) | $ (5,349) | $ (15,720) | $ (9,785) |
| Non-controlling interest | - | - | - | - | - | - |
| Net loss before taxes, Dundee Securities Ltd. | **$ (4,632)** | **$ (4,436)** | **$ (11,088)** | **$ (5,349)** | **$ (15,720)** | **$ (9,785)** |

### The Capital Markets Division

*Financial Services Revenue*

Investment banking revenue, including revenue from new issues and advisory services fees, was $2.7 million in the three months ended December 31, 2015, a 72% decrease from the $9.4 million of revenue earned in the same period of the prior year. New issue financings generated revenue of $1.2 million during the three months ended December 31, 2015, a decrease of 84% from the $7.7 million earned in the same period of the prior year, as subdued commodity prices and uncertain economic conditions continued to suppress capital market activity. Consistent with volatility in advisory fee revenue on a year-to-date basis, during the three months ended December 31, 2015, Dundee Securities earned advisory fees of $1.5 million, compared with $1.7 million earned in the same period of the prior year.

Commission revenue decreased by 19% during the three months ended December 31, 2015 to $4.7 million, compared with $5.7 million earned in the same period of the prior year, consistent with restrained industry-wide trading activity.

Principal trading activities generated trading gains of $0.6 million during the three months ended December 31, 2015, compared with a $3.4 million loss in the same period of the prior year, reflecting decreased facilitation trading losses.

*Variable Compensation Expense*

During the three months ended December 31, 2015, variable compensation expense was $4.7 million (three months ended December 31, 2014 – $7.4 million), representing approximately 60% (three months ended December 31, 2014 – 63%) of related financial services revenue, resulting in contribution margins of 40% (three months ended December 31, 2014 – 37%). The decrease in variable compensation expense corresponds to lower revenue levels in the capital markets division.

*General and Administrative Expenses*

The capital markets division incurred general and administrative expenses of $8.1 million during the three months ended December 31, 2015, compared with $8.8 million incurred in the same period of the prior year due to a reduction in promotion, travel and employment expenses, partially offset by higher professional fees.

**The Retail Division and Other Activities**

*Management Fee and Financial Services Revenue*

Management fees earned during the three months ended December 31, 2015 increased to $2.4 million, compared with $1.9 million earned in the same period of the prior year. Prior year earnings are exclusive of a correction to management fee revenues related to earlier periods. Commission revenue decreased by 21% during the three months ended December 31, 2015 to $4.4 million, compared with $5.6 million earned in the same period of the prior year. Consistent with the year to date results, the decrease in revenue in the retail division reflects difficult market conditions and the departure of certain advisors in August of the current year.

Principal trading activities generated negligible trading losses during the three months ended December 31, 2015, compared with $0.2 million in the same period of the prior year. Declining markets continued to put pressure on our portfolio of proprietary securities.

*Variable Compensation Expense*

Variable compensation expense was $4.7 million in the three months ended December 31, 2015, compared with $5.7 million in the same period of the prior year, representing approximately 65% (three months ended December 31, 2014 – 71%) of related financial services and management fee revenue, resulting in contribution margins of 35% (three months ended December 31, 2014 – 29%). The amount of variable compensation is subject to a tiered payout structure, with higher payouts paid upon reaching certain revenue thresholds. Improved variable compensation ratios in the fourth quarter of 2015 are reflective of lower average advisor revenue thresholds being met.

*General and Administrative Expenses*

The retail and other division incurred general and administrative expenses of $10.5 million during the three months ended December 31, 2015, compared with $6.7 million incurred in the same period of the prior year. Included in direct general and administrative costs during the fourth quarter of the current year is the previously discussed $6.4 million of costs associated with the assets relating to the retail division that will not be transferred as part of the sale to Euro Pacific. Allocated expenses decreased to $2.6 million from $3.3 million in the same period of the prior year, due primarily to expense reductions in support departments and back office administration.

## DUNDEE ENERGY LIMITED

During the quarter ended December 31, 2015, Dundee Energy incurred a net loss of $3.4 million attributable to owners of Dundee Corporation compared with $1.2 million incurred during the same period of the prior year.

*RESULTS OF OPERATIONS*

| *For the three months ended December 31,* | 2015 | 2014 |
|---|---|---|
| Revenues | | |
| Oil and gas sales | $ 4,974 | $ 8,564 |
| Interest and dividends | 34 | (489) |
| | 5,008 | 8,075 |
| Cost of sales | | |
| Production expenditures | (3,407) | (4,960) |
| Other items in net loss before taxes | | |
| Depreciation and depletion | (3,723) | (3,203) |
| General and administrative | (1,927) | (1,266) |
| (Loss) gain on derivative financial instruments | (21) | 504 |
| Interest expense | (1,074) | (1,244) |
| Foreign exchange gain | 24 | 37 |
| Net loss before taxes, Dundee Energy Limited | **$ (5,120)** | **$ (2,057)** |
| **Net loss before taxes, Dundee Energy Limited attributable to:** | | |
| Owners of Dundee Corporation | $ (3,439) | $ (1,158) |
| Non-controlling interest | (1,681) | (899) |
| Net loss before taxes, Dundee Energy Limited | **$ (5,120)** | **$ (2,057)** |

*Field Level Cash Flows and Field Netbacks*

| *For the three months ended December 31,* | | | 2015 | | | 2014 |
|---|---|---|---|---|---|---|
| | Natural Gas | Oil and Liquids | Total | Natural Gas | Oil and Liquids | Total |
| Total sales | $ 3,403 | $ 2,461 | $ 5,864 | $ 5,816 | $ 4,272 | $ 10,088 |
| Royalties | (510) | (380) | (890) | (870) | (654) | (1,524) |
| Production expenditures | (2,272) | (1,135) | (3,407) | (3,011) | (1,949) | (4,960) |
| | 621 | 946 | 1,567 | 1,935 | 1,669 | 3,604 |
| Realized gain on derivative financial instruments | - | - | - | - | 292 | 292 |
| Field level cash flows | $ 621 | $ 946 | $ 1,567 | $ 1,935 | $ 1,961 | $ 3,896 |

| *For the three months ended December 31,* | | | 2015 | | | 2014 |
|---|---|---|---|---|---|---|
| | Natural Gas | Oil and Liquids | Total | Natural Gas | Oil and Liquids | Total |
| | $/Mcf | $/bbl | $/boe | $/Mcf | $/bbl | $/boe |
| Total sales | $ 3.28 | $ 51.62 | $ 26.56 | $ 4.86 | $ 80.04 | $ 39.92 |
| Royalties | (0.49) | (7.98) | (4.03) | (0.73) | (12.25) | (6.03) |
| Production expenditures | (2.19) | (23.81) | (15.43) | (2.52) | (36.52) | (19.63) |
| | 0.60 | 19.83 | 7.10 | 1.61 | 31.27 | 14.26 |
| Realized gain on derivative financial instruments | - | - | - | - | 5.47 | 1.16 |
| Field netbacks | $ 0.60 | $ 19.83 | $ 7.10 | $ 1.61 | $ 36.74 | $ 15.42 |

Field level cash flows in the fourth quarter of 2015, before realized derivative financial instruments, were $1.6 million, a 56% decrease from field level cash flows of $3.6 million generated in the fourth quarter of the prior year. The substantial decrease is consistent with year-over-year results and reflects lower revenue levels stemming from lower prices for the underlying commodities. During the fourth quarter of 2015, Dundee Energy realized a sales price of $3.28/Mcf on sales of natural gas, compared with a realized price of $4.86/Mcf in the fourth quarter of the prior year. The average sales price for oil during the fourth quarter of 2015 was $51.62/bbl, compared with an average sales price of $80.04/bbl in the fourth quarter of the prior year. As a result, field netbacks in the fourth quarter of 2015 decreased to $7.10/boe, compared with $14.26/boe earned in the fourth quarter of the prior year.

## DUNDEE SUSTAINABLE TECHNOLOGIES INC.

Operating losses incurred by Dundee Technologies in the fourth quarter of 2015 were $2.0 million. This compares with operating losses of $23.8 million in the fourth quarter of 2014, which included the impairment of $22.2 million in respect of certain mineral properties. After adjusting for the impairment, the majority of the operating loss related to general and administrative costs, including research and development costs incurred to advance the operations of the demonstration plant.

*RESULTS OF OPERATIONS*

| *For the three months ended December 31,* | | 2015 | | 2014 |
|---|---|---|---|---|
| Revenues | | | | |
| Interest and dividends | $ | 10 | $ | - |
| | | 10 | | - |
| Other items in net loss before taxes | | | | |
| Depreciation and depletion | | (15) | | (22,246) |
| General and administrative | | (1,946) | | (1,551) |
| Interest expense | | (58) | | - |
| Foreign exchange loss | | (4) | | (8) |
| Net loss before taxes, Dundee Sustainable Technologies Inc. | **$** | **(2,013)** | **$** | **(23,805)** |
| **Net loss before taxes, Dundee Sustainable Technologies Inc. attributable to:** | | | | |
| Owners of Dundee Corporation | $ | (1,239) | $ | (14,988) |
| Non-controlling interest | | (774) | | (8,817) |
| Net loss before taxes, Dundee Sustainable Technologies Inc. | **$** | **(2,013)** | **$** | **(23,805)** |

## BLUE GOOSE CAPITAL CORP.

During the fourth quarter of 2015, Blue Goose incurred net earnings attributable to owners of Dundee Corporation of $1.6 million, compared with a net loss attributable to owners of Dundee Corporation of $7.0 million in the same period of the prior year.

| *For the three months ended December 31,* | | 2015 | | 2014 |
|---|---|---|---|---|
| Revenues | | | | |
| Sales | $ | 13,706 | $ | 14,403 |
| Interest and dividends | | 308 | | 139 |
| | | 14,014 | | 14,542 |
| Cost of sales | | (17,428) | | (19,391) |
| Other items in net earnings (loss) before taxes | | | | |
| Depreciation and depletion | | (916) | | (2,859) |
| General and administrative | | | | |
| Foreign currency translation adjustment | | 2,976 | | - |
| Other general and administrative | | (1,618) | | (2,791) |
| Fair value changes in livestock | | 5,099 | | 3,326 |
| Interest expense | | (415) | | (751) |
| Foreign exchange gain (loss) | | 2 | | (33) |
| Net earnings (loss) before taxes, Blue Goose Capital Corp. | **$** | **1,714** | **$** | **(7,957)** |
| **Net earnings (loss) before taxes, Blue Goose Capital Corp. attributable to:** | | | | |
| Owners of Dundee Corporation | $ | 1,617 | $ | (7,012) |
| Non-controlling interest | | 97 | | (945) |
| Net earnings (loss) before taxes, Blue Goose Capital Corp. | **$** | **1,714** | **$** | **(7,957)** |

Revenues in the fourth quarter of 2015 were $13.7 million, a $0.7 million or 5% decrease from revenues of $14.4 million in the fourth quarter of the prior year. Consistent with year-to-date results, the decrease reflects the streamlining of cattle operations out of northern Ontario and the United States.

| *For the three months ended December 31,* | | | | | | 2015 |
|---|---|---|---|---|---|---|
| | Beef | Fish | Chicken | Feed | Other | Total |
| Sales | $ 2,936 | $ 807 | $ 3,256 | $ 6,707 | $ - | $ 13,706 |
| Cost of sales, period costs | (3,362) | (1,341) | (3,113) | (6,357) | (981) | (15,154) |
| | (426) | (534) | 143 | 350 | (981) | (1,448) |
| Fair value changes | | | | | | |
| Fair value changes in livestock | 4,646 | 453 | - | - | - | 5,099 |
| Cost of sales, fair value harvested | (1,593) | (681) | - | - | - | (2,274) |
| | 3,053 | (228) | - | - | - | 2,825 |
| Margin | $ 2,627 | $ (762) | $ 143 | $ 350 | $ (981) | $ 1,377 |
| Margin % | 34.6% | (60.5%) | 4.4% | 5.2% | n/a | 7.3% |

| *For the three months ended December 31,* | | | | | | 2014 |
|---|---|---|---|---|---|---|
| | Beef | Fish | Chicken | Feed | Other | Total |
| Sales | $ 3,762 | $ 1,003 | $ 2,115 | $ 6,545 | $ 978 | $ 14,403 |
| Cost of sales, period costs | (1,466) | (1,653) | (4,599) | (6,040) | (1,039) | (14,797) |
| | 2,296 | (650) | (2,484) | 505 | (61) | (394) |
| Fair value changes | | | | | | |
| Fair value changes in livestock | 1,763 | 1,563 | - | - | - | 3,326 |
| Cost of sales, fair value harvested | (3,782) | (812) | - | - | - | (4,594) |
| | (2,019) | 751 | - | - | - | (1,268) |
| Margin | $ 277 | $ 101 | $ (2,484) | $ 505 | $ (61) | $ (1,662) |
| Margin % | 5.0% | 3.9% | (117.4%) | 7.7% | (6.2%) | (9.4%) |

During the fourth quarter of 2015, Blue Goose generated a contribution margin of $1.4 million, compared with a negative contribution margin of $1.7 million incurred during the same quarter of the prior year. Consistent with year-to-date results, despite lower sales volumes, Blue Goose has made significant strides to rationalize its product offerings and improve its distribution channel and customer base.

## AGRIMARINE HOLDINGS INC.

During the fourth quarter of 2015, AgriMarine incurred a net loss of $1.8 million attributable to owners of Dundee Corporation. The fourth quarter loss in the current year includes a depreciation charge of $0.6 million relating to certain capital assets that the Corporation has determined to have limited future value. The net loss in the fourth quarter of the current year also includes charges of a further $0.5 million from AgriMarine's decision to exit Benxi, China operations.

| *For the three months ended December 31,* | 2015 | 2014 |
|---|---|---|
| Revenues | | |
| Sales of livestock | $ 2,605 | $ 1,310 |
| Interest, dividends and other | 1 | (593) |
| | 2,606 | 717 |
| Cost of sales | (3,195) | (1,900) |
| Other items in net loss before taxes | | |
| Depreciation and depletion | (579) | - |
| General and administrative | (939) | (1,360) |
| Fair value changes in livestock | 269 | (305) |
| Interest expense | (6) | - |
| Foreign exchange gain | 51 | 96 |
| Net loss before taxes, AgriMarine Holdings Inc. | **$ (1,793)** | **$ (2,752)** |
| **Net loss before taxes, AgriMarine Holdings Inc. attributable to:** | | |
| Owners of Dundee Corporation | $ (1,793) | $ (2,602) |
| Non-controlling interest | - | (150) |
| Net loss before taxes, AgriMarine Holdings Inc. | **$ (1,793)** | **$ (2,752)** |

*Contribution Margins*

| *For the three months ended December 31,* | 2015 | 2014 |
|---|---|---|
| Revenues | $ 2,605 | $ 1,310 |
| Cost of sales | (3,000) | (1,573) |
| Contribution margin before fair value changes and writedowns | (395) | (263) |
| Fair value changes in livestock | 269 | (305) |
| Writedowns | (195) | (327) |
| | $ (321) | $ (895) |

During the quarter ended December 31, 2015, AgriMarine generated revenue of $2.6 million and a negative contribution margin before fair value changes and writedowns of $0.4 million or 15.1%. This compares to revenue of $1.3 million and a negative contribution margin before fair value changes and writedowns of $0.3 million in the same period of the prior year. The contribution margin in the fourth quarter of 2015 was negative primarily due to the costs incurred as a result of the biomass losses at AgriMarine's Benxi, China operations as a result of the decision to exit this market.

## DUNDEE 360 REAL ESTATE CORPORATION

| *For the three months ended December 31, 2015* | Sales and Marketing | Hospitality and Asset Management | Real Estate Developments | Other | Total |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Gross commission income | $ 15,364 | $ - | $ - | $ - | $ 15,364 |
| Consulting and management fees | - | 672 | 1,185 | - | 1,857 |
| Sales and marketing fees | 372 | - | - | - | 372 |
| Other revenue | 1,480 | 1 | 18 | 4 | 1,503 |
| Interest, dividends and other | 117 | 41 | 44 | 196 | 398 |
| | 17,333 | 714 | 1,247 | 200 | 19,494 |
| Cost of sales | (14,155) | - | - | - | (14,155) |
| Other items in net loss before taxes | | | | | |
| Depreciation and depletion | (645) | (275) | (4,111) | (99) | (5,130) |
| General and administrative | (3,572) | (807) | (4,884) | (2,669) | (11,932) |
| Share of loss from real estate joint ventures | - | - | (324) | - | (324) |
| Net loss before taxes, Dundee 360 Real Estate Corporation | **$ (1,039)** | **$ (368)** | **$ (8,072)** | **$ (2,568)** | **$ (12,047)** |
| **Net loss before taxes, Dundee 360 Real Estate Corporation attributable to:** | | | | | |
| Owners of Dundee Corporation | $ (1,039) | $ (368) | $ (8,008) | $ (2,568) | $ (11,983) |
| Non-controlling interest | - | - | (64) | - | (64) |
| Net loss before taxes, Dundee 360 Real Estate Corporation | **$ (1,039)** | **$ (368)** | **$ (8,072)** | **$ (2,568)** | **$ (12,047)** |

| *For the three months ended December 31, 2014* | Sales and Marketing | Hospitality and Asset Management | Real Estate Developments | Other | Total |
|---|---|---|---|---|---|
| Revenues | | | | | |
| Gross commission income | $ 15,518 | $ - | $ - | $ - | $ 15,518 |
| Consulting and management fees | - | 1,644 | 1,715 | - | 3,359 |
| Sales and marketing fees | 524 | - | - | - | 524 |
| Other revenue | 1,677 | 137 | 49 | 170 | 2,033 |
| Interest, dividends and other | 104 | (6) | (83) | 101 | 116 |
| | 17,823 | 1,775 | 1,681 | 271 | 21,550 |
| Cost of sales | (14,656) | - | - | - | (14,656) |
| Other items in net loss before taxes | | | | | |
| Depreciation and depletion | (329) | (390) | (1,921) | (66) | (2,706) |
| General and administrative | (3,297) | (753) | (1,686) | (1,381) | (7,117) |
| Share of earnings from real estate joint ventures | - | - | 292 | - | 292 |
| Finance expense | (26) | - | - | (212) | (238) |
| Net (loss) earnings before taxes, Dundee 360 Real Estate Corporation | **$ (485)** | **$ 632** | **$ (1,634)** | **$ (1,388)** | **$ (2,875)** |
| **Net (loss) earnings before taxes, Dundee 360 Real Estate Corporation attributable to:** | | | | | |
| Owners of Dundee Corporation | $ (485) | $ 632 | $ (1,594) | $ (1,388) | $ (2,835) |
| Non-controlling interest | - | - | (40) | - | (40) |
| Net (loss) earnings before taxes, Dundee 360 Real Estate Corporation | **$ (485)** | **$ 632** | **$ (1,634)** | **$ (1,388)** | **$ (2,875)** |

During the three months ended December 31, 2015, Dundee 360 incurred a net loss attributable to the owners of Dundee Corporation of $12.0 million (2014 – $2.8 million). Operating losses include $5.1 million (2014 – $2.7 million) of depreciation mostly related to intangibles obtained as part of the acquisition of control of Dundee 360 in July 2014. Operating losses in the fourth quarter of the current year include impairment charges of $5.8 million against projects in Croatia.

Gross commission revenues during the fourth quarter of 2015 were $15.4 million (2014 – $15.5 million). Associated commissions paid to associated brokers and agents were $14.2 million (2014 – $14.7 million), resulting in a net contribution margin of $1.2 million or 8%, compared with $0.8 million or 6% in the same period of the prior year. The lower contribution margin in the fourth quarter of 2014 is mainly attributable to the effect on Quebec's real estate industry as a result of negative market reactions regarding the pending 2014 election results.

As a result of the termination of the contract with Ivanhoé Cambridge in the first quarter of 2015, revenues from hospitality and asset management activities declined to $0.7 million in the fourth quarter of 2015, compared with $1.6 million earned in the same period of the prior year.

Consulting and management fee revenues earned from real estate development activities totalled $1.2 million in the fourth quarter of 2015 (2014 – $1.7 million). Current period revenues include $0.8 million of fees earned on the Parq Resort and Casino project, $0.3 million of fees earned for the project management and procurement services and $0.1 million from fees earned on development of Edenarc 1800.

## CONSOLIDATED QUARTERLY BUSINESS TRENDS

| | 2015 | | | | 2014 | | | |
|---|---|---|---|---|---|---|---|---|
| *For the three months ended* | 31-Dec | 30-Sept | 30-Jun | 31-Mar | 31-Dec | 30-Sept | 30-Jun | 31-Mar |
| Net loss from investments | $ (37,765) | $ (90,665) | $ (135,620) | $ (15,525) | $ (178,264) | $ (81,246) | $ (4,097) | $ (23,046) |
| Share of (loss) earnings from equity accounted investments | 41,399 | (7,358) | (513) | 2,237 | 15,130 | 1,933 | (24,325) | 2,005 |
| Other items in net loss attributable to owners of the parent | (58,562) | (137,875) | (5,133) | (13,738) | (15,090) | 658 | (1,276) | (10,802) |
| Net loss attributable to owners of the parent | $ (54,928) | $ (235,898) | $ (141,266) | $ (27,026) | $ (178,224) | $ (78,655) | $ (29,698) | $ (31,843) |
| Loss per share | | | | | | | | |
| Basic and diluted | $ (0.97) | $ (4.05) | $ (2.44) | $ (0.50) | $ (3.20) | $ (1.44) | $ (0.59) | $ (0.63) |

- Operating results during the third quarter of 2015 include an impairment charge of $215.2 million against resource properties associated with the Corporation's investment in UHIC. The impairment charge is partially offset by a $56.5 million adjustment charge relating to amounts otherwise receivable from non-controlling shareholders of UHIC.
- Included in net earnings or loss are amounts reflecting changes in the fair value of the Corporation's direct investments in public and private securities. As previously noted, changes in the fair value of investments are determined by equity and credit markets and are expected to result in significant fluctuations in net earnings or loss. The Corporation believes that equity and credit markets do not necessarily correctly reflect the underlying value of certain assets. As a consequence, management of the Corporation believes that the amount of unrealized gains or losses that will be included in net earnings or loss in any given period typically provides little analytical or predictive value to the readers of the Corporation's financial information.
- The Corporation's share of earnings or losses from equity accounted investments is included in the Corporation's net earnings or loss for each quarter. As with changes in the fair value of the Corporation's investment portfolio, earnings or losses from each equity accounted investee 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

In the normal course of business, the Corporation executes agreements that provide for indemnification to third parties in transactions such as business combinations. The Corporation has also agreed to indemnify its directors and officers and those of certain of its subsidiaries to the extent permitted under corporate law, against costs and damages that may be incurred by such individuals as a result of lawsuits or any other proceedings in which they are sued as a result of their services. The nature of these agreements precludes the possibility of making a reasonable estimate of the maximum potential amount the Corporation could be required to pay third parties, as the agreements often do not specify a maximum amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined. Historically, the Corporation has not made any payments under such indemnification agreements. No amounts have been recorded in the 2015 Audited Consolidated Financial Statements with respect to these indemnifications.

The Corporation and its operating subsidiaries may become liable under guarantees that are issued in the normal course of business (see *"Commitments and Contingencies"*), and with respect to litigation and claims that may arise from time to time. In the opinion of management, any liability that may arise from such contingencies would not have a material adverse effect on the 2015 Audited Consolidated Financial Statements of the Corporation.

## COMMITMENTS AND CONTINGENCIES

Commitments and contingencies are detailed in note 34 to the 2015 Audited Consolidated Financial Statements. The following table summarizes payments due for the next five years and thereafter in respect of the Corporation's contractual obligations and the obligations of its subsidiaries.

| | Expected Payments Schedule | | | | |
|---|---|---|---|---|---|
| | 2016 | 2017 to 2018 | 2019 to 2020 | Thereafter | TOTAL |
| Accounts payable and accrued liabilities | $ 75,047 | $ - | $ - | $ - | $ 75,047 |
| $250 million revolving term credit facility, Dundee Corporation (i) | 73,639 | - | - | - | 73,639 |
| Demand revolving credit facility, Dundee Energy (i) | 58,802 | - | - | - | 58,802 |
| Debt secured against agricultural assets (i) | 20,536 | 21,144 | 157 | 99 | 41,936 |
| Debt facilities, Dundee 360 (i) | 44 | 88 | 51 | 563 | 746 |
| Decommissioning liabilities (undiscounted) (ii) | 3,211 | 4,254 | 3,121 | 87,586 | 98,172 |
| Leases and other commitments (iii) | 20,588 | 21,141 | 11,830 | 14,037 | 67,596 |
| Interest (iv) | 837 | 908 | 8 | 5 | 1,758 |
| | $ 252,704 | $ 47,535 | $ 15,167 | $ 102,290 | $ 417,696 |

*(i) A detailed description of the terms and conditions associated with the Corporation's $250 million revolving term credit facility is presented under the heading "Other Consolidated Balances and Capital Structure" in this MD&A. A more detailed discussion of corporate debt in each of the Corporation's operating subsidiaries is presented under "Segmented Results of Operations – Changes in Financial Condition" in this MD&A and in respect of each operating subsidiary.*

*(ii) Represents estimated costs of site abandonment and restoration activities.*

*(iii) Operating lease obligations include minimum lease commitments to landlords, suppliers and service providers. Several of these leases oblige the Corporation or its subsidiaries to pay additional amounts if usage or transaction activity exceeds specified levels.*

*(iv) Interest amounts exclude dividend payments relating to the Corporation's preference share arrangements (see note 22 to the 2015 Audited Consolidated Financial Statements) and interest amounts due on demand revolving facilities.*

### *Decommissioning Liabilities*

In connection with resource properties in southern Ontario, Dundee Energy is committed to certain site restoration and reclamation activities. At December 31, 2015, the obligation associated with these commitments was estimated at $94.9 million on an undiscounted basis, of which approximately $3.0 million is expected to be incurred in 2016. In addition, and in connection with resource properties in the Republic of Chad, UHIC is also committed to certain site restoration and reclamation activities. At December 31, 2015, the obligation associated with these commitments was estimated at $3.3 million on an undiscounted basis, of which approximately $0.2 million is expected to be incurred in 2016.

*Commitments*

In addition to lease commitments for rental property and equipment that have been entered into by the Corporation in the normal course of business, amounts included in the preceding table designated as "leases and other commitments" include obligations of the Corporation and its subsidiaries that have resulted from entering into the following commitments:

- Under the terms of its PSC with the Republic of Chad, UHIC is required to make certain annual payments of US$0.6 million for the training of Chadian nationals and employees of the Ministry of Energy and Petroleum, for audits of the state and for the presentation of annual reports to the state.
- Under its master franchise agreement for the use of the "*Sotheby's International Realty*" name, Dundee 360 pays the franchisor a franchise fee of 6% of gross commission income earned by its agents, with a minimum annual requirement of US$1.0 million.
- As part of the acquisition of a license to use the trademarks "*Enchantment*" and "*Mii Amo*", Dundee 360 entered into a pre-development agreement to prepare a plan for the redevelopment of the Tides Inn located in the state of Virginia. The agreement includes an option to acquire an interest in the Tides Resort and Tides Inn. The option carries a penalty of US$1.0 million if such option is not exercised by May 2016. Under the terms of these arrangements, Dundee 360 is also committed to assume 50% of any operating losses incurred by the Tides Inn for a period of up to three years commencing November 13, 2015.

*Contingencies*

- Together with its partner, Paragon Gaming Inc., Dundee Corporation has provided a completion guarantee of $35 million in respect of the construction of the Parq Resort & Casino in British Columbia, of which Dundee Corporation's share is 50% or $17.5 million.
- In order to support the $5.0 million investment by Investissement Quebec into Dundee Technologies, the Corporation has guaranteed $1.5 million of debt under these arrangements.
- In connection with the founding of, and its sponsorship of Dundee Acquisition, the Corporation has executed a make-whole agreement and undertaking in favour of Dundee Acquisition, whereby the Corporation has agreed to indemnify Dundee Acquisition in certain limited circumstances where funds held in escrow by Dundee Acquisition for purposes of any redemption of its class A restricted voting shares are reduced to below $10.00 per class A restricted voting share.
- In accordance with the terms of a royal decree issued by the Spanish authorities in respect of Escal's underground gas storage project in Spain, shareholders of Escal, including ultimate parent shareholders, remain responsible for any possible flaws or defects in the facilities associated with the underground gas storage project that become apparent during the 10 years following the issuance of the royal decree issued in October 2014. Dundee Corporation is the parent company of Dundee Energy. Dundee Energy is the parent of Castor UGS Limited Partnership, which is a 33% shareholder of Escal.
- As part of a business reorganization completed in 2011, Dundee Capital Markets Inc., the parent company of Dundee Securities, agreed to provide an indemnity with respect to certain claims. In 2011, Sino-Forest Corporation ("Sino-Forest") was delisted from the TSX, following allegations of securities violations. In 2012 and 2013, Sino-Forest became subject to Canadian and U.S. bankruptcy protection. One of the parties indemnified by Dundee Capital Markets Inc. participated in underwriting syndicates in respect of several public equity offerings by Sino-Forest. The indemnified party was a defendant in at least one Canadian class action lawsuit brought by holders of Sino-Forest securities, alleging misrepresentation in offering documents. In 2014, a settlement was reached between the members of the underwriting syndicates and the class members. By the end of 2015, the settlement had been approved by the Ontario and U.S. courts. Under the settlement, the underwriters received a court-ordered release of all investor claims related to Sino-Forest.
- In the normal course of its business, the Corporation may invest in structures or investment products that require an upfront commitment, in expectation that the Corporation will fund its commitment in the future on a drawdown basis. The Corporation does not record these obligations, but rather, amounts drawn are subsequently recorded as incurred.
- The Corporation may commit to providing credit facilities to investee companies. Generally, the Corporation's commitments under these types of arrangements are short term in nature and are extended to provide temporary bridge financing arrangements to investee companies in expectation of future equity or debt issuances.

## RELATED PARTY TRANSACTIONS

The Corporation has not entered into any transactions with related parties, other than as disclosed in note 35 to the 2015 Audited Consolidated Financial Statements.

## ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES

The 2015 Audited Consolidated Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board, and with interpretations of the International Financial Reporting Interpretations Committee which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting. A summary of the more significant accounting policies applied in the preparation of the 2015 Audited Consolidated Financial Statements is included in note 3 to the 2015 Audited Consolidated Financial Statements. Note 3 to the 2015 Audited Consolidated Financial Statements also provides information regarding accounting standards, interpretations and amendments to existing standards that are not yet effective.

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 other items in net earnings or loss 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 other items in net earnings that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. 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 2015 Audited Consolidated Financial Statements.

## CONTROLS AND PROCEDURES

The Chief Executive Officer and the Chief Financial Officer of the Corporation are responsible for establishing and maintaining disclosure controls and procedures and internal control over financial reporting, as defined in the Canadian Securities Administrators' National Instrument 52-109, "*Certification of Disclosure in Issuers' Annual and Interim Filings*".

Management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, have assessed the effectiveness of the Corporation's internal control over financial reporting as at December 31, 2015, based on the criteria set out in the "*Internal Control – Integrated Framework (2013)"* issued by *The Committee of Sponsoring Organizations of the Treadway Commission (COSO)* and concluded that it was effective as of that date. Management also assessed the effectiveness of disclosure controls and procedures. Based on these assessments, the Chief Executive Officer and the Chief Financial Officer concluded that, as at December 31, 2015, the Corporation's internal control over financial reporting and its disclosure controls and procedures were effective.

The Chief Executive Officer and the Chief Financial Officer of the Corporation have also assessed whether there were any changes to the Corporation's internal control over financial reporting during the year ended December 31, 2015 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 assessment.

## MANAGING RISK

The risks faced by the Corporation are described in the Corporation's 2015 Annual Information Form under "Risk Factors" which is available on SEDAR at *www.sedar.com*. These business risks should be considered by interested parties when evaluating the Corporation's performance and its outlook.

## CAUTIONARY NOTE REGARDING 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 2016 and beyond, and 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, energy, resources, agriculture and real estate 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 including the ability to complete acquisitions and dispositions effectively; the Corporation's ability to meet financial obligations; the performance of the Corporation's principal subsidiaries; the Corporation's ability and the ability of its investee companies to raise additional capital; the availability of equity and debt financing and/or refinancing on acceptable terms; 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 operating businesses and the Corporation's investment holdings in general, including risks associated with oil and gas and mining exploration, risks of operating in foreign jurisdictions; 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 at March 29, 2016.

Forward looking statements contained in this MD&A are based upon assumptions about the future performance of the Canadian, European and United States economies, which were material factors considered by management when setting Dundee Corporation's strategic priorities and objectives. In determining expectations for economic growth in the financial services, energy, resource, agriculture and real estate sectors, the Corporation considered historical economic data provided by the Canadian government and its agencies, and market and general economic conditions, which factors are unpredictable and may impact the 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
March 29, 2016