



DUNDEE CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2010

Management's Responsibility for Financial Reporting

The accompanying consolidated financial statements, the notes thereto and other financial information contained in the Company's management's discussion and analysis, are the responsibility of and have been prepared by the management of Dundee Corporation. These consolidated financial statements have been prepared in accordance with Canadian generally accepted accounting principles and, of necessity, include items that reflect the best estimates and judgment of management. Financial information presented in the Company's accompanying management's discussion and analysis is consistent with that shown in the consolidated financial statements.

Management has developed and maintains a system of internal accounting controls that is designed to ensure that transactions are properly authorized and recorded as they occur and to provide reasonable assurance that the Company's assets are protected from unauthorized use. Management, under the supervision of the Chief Executive Officer and the Chief Financial Officer, has a process in place to evaluate disclosure controls and procedures in line with Canadian securities regulations.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and internal control. The Audit Committee, which is currently comprised of five independent directors, reviews the interim and annual consolidated financial statements and management's discussion and analysis and recommends them for approval by the Board of Directors. Other key responsibilities of the Audit Committee include the monitoring of the Company's system of internal control over financial reporting, including disclosure controls, and reviewing the qualifications, fees, independence and performance of the external auditor. The Audit Committee reports its findings to the Board of Directors before the consolidated financial statements are approved by the Board of Directors.

The consolidated financial statements have been audited by PricewaterhouseCoopers LLP, the independent auditor, in accordance with Canadian generally accepted auditing standards. The auditor has full and unrestricted access to the Audit Committee to discuss their audit and related matters.

(signed)

Ned Goodman
*President and
Chief Executive Officer*

Toronto, Canada
March 22, 2011

(signed)

Lucie Presot
*Vice President and
Chief Financial Officer*

Independent Auditor's Report

To the Shareholders of **Dundee Corporation**

We have audited the accompanying consolidated financial statements of Dundee Corporation, which comprise the consolidated balance sheets as at December 31, 2010 and 2009 and the consolidated statements of operations, comprehensive income, changes in shareholders' equity and cash flows for the years then ended, and the related notes including a summary of significant accounting policies.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the consolidated financial statements present fairly, in all material respects, the financial position of Dundee Corporation as at December 31, 2010 and 2009 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles.

PricewaterhouseCoopers LLP

PricewaterhouseCoopers LLP
Chartered Accountants, Licensed Public Accountants
Toronto, Canada
March 22, 2011

DUNDEE CORPORATION CONSOLIDATED BALANCE SHEETS

As at December 31, 2010 and 2009
(expressed in thousands of Canadian dollars)

	December 31, 2010	December 31, 2009
ASSETS		
Cash and cash equivalents	\$ 133,222	\$ 148,981
Accounts receivable	333,166	176,984
Client accounts receivable (note 4)	443,861	388,491
Trading securities owned (note 5)	177,210	181,090
Available-for-sale securities (note 6)	198,482	121,823
Equity accounted investments (note 7)	269,044	158,963
Real estate assets (note 8)	428,911	440,871
Resource properties (notes 3 and 9)	167,556	23,675
Capital and other assets (note 10)	38,977	30,404
Future income tax assets (note 21)	-	10,827
Assets of discontinued operations held for sale (note 2)	1,868,024	1,723,107
TOTAL ASSETS	\$ 4,058,453	\$ 3,405,216
LIABILITIES		
Bank indebtedness (note 11)	\$ -	\$ 4,821
Accounts payable and accrued liabilities	256,989	151,532
Client deposits and related liabilities (note 12)	488,078	421,686
Trading securities sold short (note 5)	19,246	23,127
Asset retirement obligations (note 13)	19,029	1,603
Income taxes payable	19,142	1,423
Corporate debt (note 14)	267,434	190,068
Preference shares, series 1 (note 16)	148,072	147,722
Future income tax liabilities (note 21)	19,077	-
Liabilities of discontinued operations held for sale (note 2)	765,492	675,381
	2,002,559	1,617,363
NON-CONTROLLING INTEREST (note 15)		
Continuing operations	211,470	164,382
Discontinued operations (note 2)	537,817	503,489
	749,287	667,871
SHAREHOLDERS' EQUITY		
Share capital (notes 16 and 17)		
Common shares	273,414	289,207
Preference shares, series 2	127,068	127,085
Contributed surplus	10,660	8,498
Retained earnings	810,758	666,774
Accumulated other comprehensive income (note 18)	84,707	28,418
	1,306,607	1,119,982
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 4,058,453	\$ 3,405,216

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

Commitments, contingencies and off-balance sheet arrangements (note 25)

Approved by the Board:

(signed) Ned Goodman
Director

(signed) Garth A.C. MacRae
Director

DUNDEE CORPORATION

CONSOLIDATED STATEMENTS OF OPERATIONS

For the years ended December 31, 2010 and 2009

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

	2010	2009
REVENUES		
Management fees	\$ 66,699	\$ 39,078
Financial services	138,229	112,705
Real estate revenues	464,354	231,696
Oil and gas revenue, net	16,480	-
	685,762	383,479
Investment income (note 19)	38,114	16,563
	723,876	400,042
EXPENSES		
Selling, general and administrative	103,115	78,868
Variable compensation	62,161	45,672
Operating costs, real estate	331,693	168,505
Operating costs, oil and gas	5,719	-
	502,688	293,045
OPERATING EARNINGS BEFORE INTEREST, TAXES, AND OTHER NON-CASH ITEMS		
Depreciation, depletion and accretion	15,839	9,370
Interest expense	21,542	20,022
Share of earnings of equity accounted investments (note 7)	(71,882)	(6,294)
Foreign exchange loss	585	758
	255,104	83,141
EARNINGS BEFORE UNDERNOTED ITEMS		
Dilution (loss) gain, net (notes 2 and 3)	(2,823)	1,244
	252,281	84,385
Income taxes (note 21)		
Current	34,205	(2,279)
Future	26,989	21,031
	61,194	18,752
Non-controlling interest	38,404	20,207
NET EARNINGS FROM CONTINUING OPERATIONS	152,683	45,426
DISCONTINUED OPERATIONS, net of taxes and non-controlling interests (note 2)	40,637	17,025
NET EARNINGS FOR THE YEAR	\$ 193,320	\$ 62,451
NET EARNINGS PER SHARE (note 22)		
Basic		
Continuing operations	\$ 1.99	\$ 0.58
Discontinued operations	0.56	0.23
	\$ 2.55	\$ 0.81
Diluted		
Continuing operations	\$ 1.94	\$ 0.56
Discontinued operations	0.52	0.21
	\$ 2.46	\$ 0.77

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

DUNDEE CORPORATION

CONSOLIDATED STATEMENTS OF COMPREHENSIVE INCOME

For the years ended December 31, 2010 and 2009

(expressed in thousands of Canadian dollars)

	2010	2009
NET EARNINGS FOR THE YEAR	\$ 193,320	\$ 62,451
Other comprehensive income		
Unrealized gains on available-for-sale securities, net of taxes of \$17,423 (2009 - \$14,955)	73,022	39,369
Transfer of unrealized gains to net earnings, net of taxes of \$2,505 (2009 - \$1,907)	(26,956)	(5,719)
Unrealized foreign currency loss on forward contract, net of taxes of \$nil (2009 - \$29)	-	64
Unrealized gain from foreign currency translation	(1,043)	(2,730)
Transfer of unrealized gain from foreign currency translation to real estate assets, net of taxes of \$6 (2009 - \$703)	(13)	(1,566)
Share of other comprehensive income (loss) of equity accounted investments, net of taxes of \$2,794 (2009 - \$594)	9,405	(1,978)
Non-controlling interest	470	1,195
Other comprehensive income from continuing operations	54,885	28,635
Other comprehensive income from discontinued operations, net of taxes of \$2,603 (2009 - \$16,320) and non-controlling interests (note 2)	1,404	22,966
Total other comprehensive income	56,289	51,601
COMPREHENSIVE INCOME FOR THE YEAR	\$ 249,609	\$ 114,052

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

DUNDEE CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

*As at and for the years ended December 31, 2010 and 2009
(expressed in thousands of Canadian dollars)*

	Common Shares	Preference Shares, Series 2	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive Income (Loss)	Total
Balance, January 1, 2009	\$ 288,398	\$ -	\$ 11,549	\$ 604,075	\$ (23,183)	\$ 880,839
Net earnings	-	-	-	62,451	-	62,451
Other comprehensive income	-	-	-	-	51,601	51,601
Acquisition of Class A subordinate shares for cancellation	(1,041)	-	-	(14)	-	(1,055)
Issuance of Class A subordinate shares for non-cash consideration	90	-	-	-	-	90
Issuance of Class A subordinate shares for cash	90	-	-	-	-	90
Issuance of Preference shares, series 2, net of issue costs	-	127,085	-	-	-	127,085
Dividends on Preference shares, series 2	-	-	-	(2,571)	-	(2,571)
Stock based compensation	-	-	1,207	-	-	1,207
Share incentive arrangements	-	-	(4,170)	2,833	-	(1,337)
Exercise of options	1,670	-	(88)	-	-	1,582
Balance, December 31, 2009	289,207	127,085	8,498	666,774	28,418	1,119,982
Net earnings	-	-	-	193,320	-	193,320
Other comprehensive income	-	-	-	-	56,289	56,289
Acquisition of Class A subordinate shares for cancellation	(17,353)	-	-	(40,561)	-	(57,914)
Issuance of Class A subordinate shares for non-cash consideration	70	-	-	-	-	70
Issuance of Class A subordinate shares for cash	70	-	-	-	-	70
Issue costs	-	(17)	-	-	-	(17)
Dividends on Preference shares, series 2	-	-	-	(8,775)	-	(8,775)
Stock based compensation	-	-	2,190	-	-	2,190
Exercise of options	1,420	-	(28)	-	-	1,392
Balance, December 31, 2010	\$ 273,414	\$ 127,068	\$ 10,660	\$ 810,758	\$ 84,707	\$ 1,306,607

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

DUNDEE CORPORATION

CONSOLIDATED STATEMENTS OF CASH FLOWS

*For the years ended December 31, 2010 and 2009
(expressed in thousands of Canadian dollars)*

		2010		2009
OPERATING ACTIVITIES:				
Net earnings for the year	\$	193,320	\$	62,451
Less net earnings from discontinued operations (note 2)		(40,637)		(17,025)
Non-cash items:				
Depreciation, depletion and accretion		15,839		9,370
Net investment gains		(29,488)		(7,460)
Share of earnings of equity accounted investments		(71,882)		(6,294)
Dilution loss (gain), net		2,823		(1,244)
Future income taxes		26,989		21,031
Non-controlling interest		38,404		20,207
Stock based compensation		2,897		1,643
Other		5,356		8,075
		143,621		90,754
Changes in:				
Accounts receivable		(25,679)		(8,527)
Accounts payable and accrued liabilities		25,576		25,684
Bank indebtedness		(4,821)		4,821
Income taxes payable		18,570		(14,863)
Trading securities owned and sold short, net		(73,619)		(33,368)
Client accounts receivable, net of client deposits and related liabilities		11,023		42,204
Land, housing and condominium inventory		118,447		(37,451)
Other real estate working capital		(111,580)		31,346
Cash provided from operating activities - continuing operations		101,538		100,600
Cash provided from operating activities - discontinued operations		198,630		159,031
CASH PROVIDED FROM OPERATING ACTIVITIES		300,168		259,631
INVESTING ACTIVITIES:				
Net investment in real estate assets		(61,939)		(41,180)
Investment in resource properties, net		(4,288)		(1,249)
Acquisition of resource properties (note 3)		(131,725)		-
Proceeds from dispositions of corporate investments		144,931		20,803
Acquisitions of investments		(88,571)		(51,641)
Net changes in capital and other tangible assets		(14,552)		(3,606)
Cash used in investing activities - continuing operations		(156,144)		(76,873)
Cash (used in) provided from investing activities - discontinued operations		(116,222)		44,236
CASH USED IN INVESTING ACTIVITIES		(272,366)		(32,637)
FINANCING ACTIVITIES:				
Change in corporate debt		80,667		(55,111)
Issuance of Class A subordinate shares, net of issue costs		1,462		1,672
Acquisition of Class A subordinate shares, net of costs		(57,914)		(1,055)
Net issuance of shares by subsidiaries to non-controlling interests		5,350		1,845
Dividends paid on Preference shares, series 2		(8,775)		(2,571)
Issuance of Preference shares, series 2, net of issue costs		-		125,906
Dividends paid by subsidiaries to non-controlling interests		(5,373)		(2,066)
Cash received from financing activities - continuing operations		15,417		68,620
Cash (used in) provided from financing activities - discontinued operations		(17,057)		16,977
CASH (USED IN) PROVIDED FROM FINANCING ACTIVITIES		(1,640)		85,597
NET INCREASE IN CASH DURING THE YEAR		26,162		312,591
Cash and cash equivalents, continuing operations, beginning of year		148,981		48,955
Cash and cash equivalents, discontinued operations, beginning of year		331,194		118,629
Cash and cash equivalents, end of year		506,337		480,175
Less cash and cash equivalents, discontinued operations, end of year		(373,115)		(331,194)
CASH AND CASH EQUIVALENTS, CONTINUING OPERATIONS		133,222		148,981
END OF YEAR	\$	133,222	\$	148,981
Cash flows from continuing operating activities include the following:				
Interest paid	\$	21,542	\$	20,022
Taxes paid	\$	8,622	\$	12,469

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

DUNDEE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

December 31, 2010 and 2009

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

Dundee Corporation (the “Company” or “Dundee Corporation”) is an independent publicly traded Canadian asset management company. The Company’s core focus for its asset management activities is in the areas of real estate and infrastructure and in resources. Third-party asset management activities are carried out by Ned Goodman Investment Counsel Limited (formerly Ravensden Asset Management Inc.) (“NGIC”), a registered portfolio manager and exempt market dealer across Canada and an investment fund manager in the province of Ontario, and by Dundee Real Estate Asset Management (“DREAM”), the asset management division of Dundee Realty Corporation (“Dundee Realty”), a 70% owned subsidiary of the Company. Dundee Corporation’s core asset management activities are supported by the Company’s 48% interest in Dundee Capital Markets Inc. (“Dundee Capital Markets”), which was created in December 2010 to carry on the capital markets activities previously conducted through DundeeWealth Inc. (“DundeeWealth”) prior to completion of the transaction as outlined in note 2 to these consolidated financial statements.

Dundee Corporation also owns and manages its own direct investments in these core focus areas, through ownership of both publicly listed and private companies. Real estate operations are carried out through the Company’s investment in Dundee Realty, an owner and developer of residential and recreational properties in North America. Real estate operations also include a 9% interest in Dundee Real Estate Investment Trust (“Dundee REIT”), a Canadian real estate investment trust. Resource investments are managed through Dundee Resources Limited (“Dundee Resources”), a wholly owned subsidiary of the Company, and include the Company’s 54% investment in Eurogas Corporation (“Eurogas”), an oil and natural gas company with a mandate to create long-term value through the development of high impact energy projects. Dundee Resources also manages several other equity accounted investments.

The Company is listed on The Toronto Stock Exchange (“TSX”) under the symbol “DC.A”.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The consolidated financial statements of the Company are prepared in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”).

Principles of Consolidation

The consolidated financial statements include the accounts of the Company, its subsidiaries and variable interest entities (“VIEs”) for which the Company is the primary beneficiary, as well as the Company’s proportionate share of assets, liabilities, revenues and expenses of joint ventures in which it participates. The Company’s major operating subsidiaries include:

	2010		2009	
	Opening Ownership	Ending Ownership	Opening Ownership	Ending Ownership
Dundee Realty Corporation	74%	70%	75%	74%
Eurogas Corporation	54%	54%	53%	54%
DundeeWealth Inc.*	49%	48%	49%	49%

* At December 31, 2010 the Company held or had voting control over 60% of the issued and outstanding common shares of DundeeWealth.

As a result of the Offer made by Scotiabank on the outstanding shares of DundeeWealth (note 2), the assets and liabilities and the results of operations of DundeeWealth have been included in these consolidated financial statements as discontinued operations, except for those assets and liabilities and results of operations relating to DundeeWealth's capital markets business. Such assets and liabilities, and results of operations will be transferred to Dundee Capital Markets, concurrent with settlement of the Offer. References in this document to "Dundee Capital Markets" may, as the context requires, refer to the assets and liabilities, and results of operations of the capital markets business of DundeeWealth prior to settlement of the Offer or to the newly established entity incorporated to conduct these activities in the future.

All intercompany transactions have been eliminated in these consolidated financial statements. When the Company does not own all of the equity of the subsidiary, the non-controlling shareholders' interest in the net book value of the subsidiary and in its net earnings are disclosed as a separate line item in the consolidated balance sheets and consolidated statements of operations as non-controlling interest.

Acquisitions

The Company accounts for business acquisitions as purchase transactions. Accordingly, the purchase price of a business acquisition is allocated to its identifiable net assets on the basis of estimated fair values as at the date of purchase, including identifiable intangible assets, with any excess being assigned to goodwill. When the net of the amounts assigned to identifiable net assets exceeds the cost of the purchase ("negative goodwill"), the excess is eliminated, to the extent possible, by a pro-rata allocation to certain non-current assets, with the balance presented as an extraordinary gain. The interest of non-controlling shareholders is stated at the non-controlling shareholders' proportionate share of the pre-acquisition carrying values of the acquired net assets. For interests acquired during the year, purchase accounting is applied on a prospective basis from the date of acquisition.

Any contingent consideration in relation to a business acquisition is recorded when the outcome of the contingency is resolved. When the outcome of a contingency is resolved, consideration recognized, if any, will be allocated to goodwill and other intangible assets.

Use of Estimates

The preparation of the consolidated financial statements in accordance with Canadian GAAP requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. These estimates are made based on information available as at the date of issuance of the financial statements. Actual results could differ materially from those estimates.

Key areas of estimation, where management has made difficult, complex or subjective judgments, often about matters that are inherently uncertain, include the determination of fair values of net assets acquired in a business combination and pursuant to asset acquisitions, including the identification of intangible assets; the determination of fair values of equity accounted investments; the determination of fair values of financial instruments; the determination of other-than-temporary impairment in fair value of financial assets; the determination of costs of sale of and costs to complete real estate assets; the assessment of impairment and net realizable value of real estate assets; the assessment of impairment related to resource properties and exploration and evaluation activities; the determination of the liability associated with future site reclamation costs; the consolidation of VIEs; the valuation of and determination of useful lives for capital and other assets; allowances for credit losses; income taxes; share based compensation and the determination of contingencies.

Foreign Currency Translation

Foreign currency denominated amounts are translated into Canadian dollars using average rates for the year for items included in the consolidated statements of operations, the rates in effect at the date of the consolidated balance sheets for monetary assets and liabilities included in the consolidated balance sheets and historical rates for other items.

Translation gains or losses are generally included in the determination of net earnings. Translation gains or losses arising on translation of accounts of foreign subsidiaries which are considered self-sustaining and those arising from the translation of foreign denominated equity accounted securities are included in other comprehensive income (“OCI”) until there has been a realized reduction in the investment.

Consolidation of Variable Interest Entities

The Company is required to consolidate any VIEs in which it is the primary beneficiary. An entity is a VIE when, by design, one or both of the following conditions exist: (a) total equity investment at risk is insufficient to permit the entity to finance its activities without additional subordinated support from others; or (b) as a group, the holders of the equity investment at risk lack certain essential characteristics of a controlling financial interest. The primary beneficiary is the entity that is exposed, through variable interests, to a majority of the VIE’s expected losses or is entitled to a majority of the VIE’s expected residual returns, or both.

The Company has reviewed its relationships and determined that there were no VIEs for which it was considered the primary beneficiary as at December 31, 2010 and 2009.

On January 1, 2009 the Company held a 50% interest in the Distillery Historic District (the “co-ownership”). The co-ownership was considered a VIE for which Dundee Realty was considered the primary beneficiary. During 2009, and following repayment of amounts previously advanced to the co-owners, the co-ownership was determined to no longer be a VIE and accordingly, the Company deconsolidated 50% of the co-ownership.

Cash and Cash Equivalents

Cash and cash equivalents are carried at cost, which approximates fair value. Cash equivalents may include short-term financial instruments and investments in money market products, all of which are highly liquid and immediately exchangeable into known amounts of cash.

Client Accounts

Client accounts receivable include both clients’ trading accounts and brokers’ and dealers’ trading accounts. Client deposits and related liabilities include clients’ cash and clients’ and brokers’ and dealers’ trading balances.

The operations of Dundee Capital Markets include activities of a full service securities dealer and member of the Investment Industry Regulatory Organization of Canada. In accordance with brokerage industry practice, client transactions are entered into on either a cash or a margin basis and are recorded on a trade-date basis. If transactions are conducted on a margin basis, the brokerage subsidiary may extend credit to a client to purchase securities and such securities purchased and/or other securities in the client’s account are held as collateral for the amounts loaned. Amounts due from clients are carried at the contractual amount receivable, net of any allowance for credit losses. The brokerage subsidiary engages in securities borrowing and lending transactions. Cash received or delivered as collateral against these transactions is included in client accounts.

Client accounts also include funds deposited in trust representing client funds deposited and held by Dundee Capital Markets in registered accounts. These funds have been deposited with a Canadian trust company.

Allowance for Credit Losses

The Company maintains an allowance for credit losses which management considers adequate to absorb all credit-related losses. It does not record a general allowance for credit losses. However, specific allowances for credit losses are established as a result of detailed reviews of individual collateral positions securing the client accounts receivable. Should the value of the underlying collateral decline by an amount significant enough that it becomes insufficient to repay the margin loan in full and the client is unable or unwilling to deposit additional collateral, a specific allowance is recorded in the amount equivalent to these unsecured balances, without limiting any recourse to collecting from the clients.

Financial Instruments

All financial instruments are classified as trading, available-for-sale (“AFS”), held-to-maturity (“HTM”), loans and receivables or other financial liabilities. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument classified as other than trading are added to the carrying amount.

All financial assets are measured at fair value with the exception of loans and receivables, debt securities classified as HTM and AFS equities that do not have quoted market values in active markets. The fair value of a financial instrument represents the Company’s estimate of the price at which the instrument could be exchanged between knowledgeable and willing parties in an orderly arm’s length transaction. Fair value is generally determined based on market value or, where market prices are not readily available, on quoted market prices for similar securities or other third party evidence. However, even where a fair value of a financial instrument is derived from independent broker or dealer price quotes, a valuation adjustment based on certain assumptions may be required to determine the fair value. Equity securities that do not have a quoted market price are carried at cost.

Trading Financial Assets and Liabilities

Trading financial assets and liabilities are securities that are purchased for resale and are generally held for short periods of time. The Company’s trading portfolio is primarily related to trading operations in Dundee Capital Market’s brokerage subsidiary. The Company’s trading portfolio also includes certain other investments in guaranteed investment certificates issued by a Canadian Schedule I Chartered Bank. Trading securities are measured at fair value at the date of the balance sheets. Both realized and unrealized gains and losses from changes in fair value are recorded in net earnings.

Designation as Fair Value Financial Assets and Liabilities

Upon initial recognition, the Company may elect to designate financial assets and liabilities at fair value and subsequently account for them in the same manner as trading financial assets and liabilities. Realized and unrealized gains and losses from these securities are recorded in net earnings as fair value adjustments.

Available-for-Sale Financial Assets

Available-for-sale financial assets are those non-derivative financial assets that are designated as AFS, or that are not classified as loans and receivables, HTM, trading, or designated as fair value financial assets. Investments in financial assets that are subject to significant influence may not be designated as AFS. AFS securities are generally carried at their fair values. Changes in the unrealized fair values of AFS securities are reported as OCI in the consolidated statements of comprehensive income and are included in accumulated other comprehensive income (“AOCI”) until the financial asset is disposed of or becomes impaired, at which time the unrealized gain or loss is recognized in net earnings.

Dividends, interest and realized gains and losses on the sale of AFS financial assets are included in investment income. Realized gains and losses are calculated using the average cost method.

The Company assesses its AFS securities at each balance sheet date for potential impairment. As part of this assessment, it considers objective evidence that may indicate impairment. Write-downs for impairments in value are included in the consolidated statements of operations when there is objective evidence that the financial instrument is impaired and the decline in fair value is other-than-temporary. The Company considers various factors in the determination of whether objective evidence exists that a financial instrument is impaired, including significant financial difficulty of an issuer, a breach in the terms and conditions of the security such as a default on interest or principal payments on debt securities, the granting of a concession to the issuer that would not otherwise be considered, the disappearance of an active market for the underlying security where one formerly existed or a significant or prolonged decline in the market value of an equity-based investment.

Loans and Receivables

Loans and receivables include accounts receivable and client accounts receivable. Loans and receivables are accounted for at amortized cost.

Held-to-Maturity Financial Assets

Financial assets designated as HTM are comprised of non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than those designated as loans and receivables, where the Company has the intent and ability to hold the financial asset to maturity. HTM financial assets are recorded at amortized cost. The Company has not presently designated any financial assets as HTM.

Financial Liabilities

Financial liabilities include all liabilities, other than derivatives and trading financial liabilities relating to securities sold short, or liabilities that have been designated at fair value on original recognition. Financial liabilities are recorded at amortized cost using the effective interest method.

Derivatives

Derivatives are carried at fair value and are generally reported as assets in circumstances when they have a positive fair value and liabilities when they have a negative fair value. However, derivatives may be embedded in other financial and non-financial instruments. Embedded derivatives are valued as separate derivatives when their economic characteristics and risks are not clearly and closely related to those of the host contract, the terms of the embedded derivative are the same as those of a freestanding derivative and the combined contract is not held for trading or designated at fair value. Otherwise, embedded derivatives are classified as part of the host instrument and measured at fair value with changes therein recognized in the consolidated statements of operations.

Hedge Accounting

The Company may acquire derivative instruments for risk management purposes, and when such financial instruments meet the criteria specified in the relevant accounting guidance, the Company may apply fair value hedge accounting or cash flow hedge accounting, as appropriate, to the risks being hedged. Fair value hedges are used to hedge changes in the fair value of assets, liabilities or firm commitments and changes in the fair value of the derivative instruments are recorded in net earnings. Cash flow hedges are used to hedge the variability of cash flows related to variable rate assets, liabilities or anticipated transactions and the effective portion of the changes in the fair value of the derivative instruments are recorded in OCI until the hedged items are recognized in net earnings, except for when a hedge of an anticipated transaction subsequently results in the recognition of a non-financial asset or a non-financial liability, the Company removes the associated gains and losses that were recognized in OCI and includes them in the initial carrying value of the asset acquired or liability incurred.

The ineffective portion of the derivative instruments used in cash flow hedges is immediately recognized in net earnings.

For a derivative to qualify for hedge accounting, the hedge relationship must be designated and formally documented at its inception and tested on an ongoing basis. Documentation must include a description of the risk management objective and strategy of the specific asset, liability or cash flow being hedged and describe the test for the ongoing assessment of the effectiveness of the hedge.

Equity Accounted Investments

Investments in companies that are subject to significant influence by the Company are accounted for using the equity method whereby the Company recognizes its proportionate share of earnings or losses and of OCI of the investee in its own earnings or OCI, as applicable. An interest in excess of 20% of the underlying voting shares of an investee would generally indicate that the Company has significant influence over that investee. However, in certain circumstances, the Company may exert significant influence through representation on the investee's board of directors or by other day-to-day participation in operations, although it may own less than 20%.

An equity accounted investment may be written down if its carrying value exceeds its estimated fair value and, in the opinion of management, such a decrease is other-than-temporary in nature. A significant or prolonged decline in the fair value of an investment below its carrying value may be evidence of an other-than-temporary loss in value of an equity investment. Any impairment in equity accounted investments is recorded in earnings in the period in which the impairment is identified.

Real Estate Assets

Land under development and housing and condominiums are stated at the lower of cost and net realizable value. Net realizable value is calculated by estimating the future cash flows from such properties and discounting these cash flows at a risk-adjusted rate appropriate for a particular project. Land held for development is stated at cost less impairment charges.

Capitalized costs on land under and held for development and on housing and condominiums include all expenditures incurred in connection with the acquisition, all related development costs, interest on project-specific and general debt, and property taxes, less miscellaneous revenue earned during the construction period. General and administrative overhead and selling and marketing costs are expensed as incurred. The cost of sales of land under development is allocated to each lot based on the projected total estimated cost to develop the entire subdivision, pro-rated based on street frontage for each lot. The cost of sales of houses and condominiums is based on the total costs incurred up to the date of occupancy, as well as a provision for costs to complete.

Revenue properties are stated at historic cost less accumulated depreciation and impairment charges, if any. The net book value of revenue properties under development includes interest on project-specific and general debt, property taxes, carrying charges and applicable general and administrative expenses incurred in the project development and construction periods, and initial leasing costs, less revenue earned prior to the project being declared operational. The Company uses the straight-line method of depreciation for revenue properties, initial leasing costs and major expansions and renovations. The estimated useful life of the properties is between 30 and 40 years.

Certain real estate assets, including revenue properties and land held for development, are tested for recoverability whenever events or changes in circumstances indicate that an asset's carrying amount may not be recoverable. Examples of such events or changes in circumstances include, but are not limited to, a significant decrease in the market value; a significant adverse change in the extent or manner in which the asset is being used or its physical condition; a significant adverse change in legal factors or in the business climate that could affect its value; an accumulation of costs significantly in excess of the amount originally expected for its acquisition or construction; a current-period operating or cash flow loss combined with a history of operating or cash flow losses, or a projection or forecast that demonstrates continuing operating or cash flow losses associated with its use; or a current expectation that it will be more likely than not that the asset will be sold or substantially disposed of before the end of its previously estimated useful life.

Resource Properties

Oil and gas exploration and evaluation, development and production activities are conducted through the Company's investment in Eurogas.

Eurogas follows the full-cost method of accounting for exploration, development and production expenditures whereby all costs related to these activities, including asset retirement costs, are accumulated in a separate geographic cost center. Costs include the acquisition of leases and oil and gas rights, geological and geophysical expenditures, carrying costs of non-productive properties, equipment costs and that portion of general and administrative expenses directly attributable to these activities. Expenditures that improve the productive capacity or extend the life of a property are capitalized to the full-cost accounting pool. Maintenance and repairs are generally expensed as incurred.

Capitalized costs associated with resource properties with proved reserves, adjusted for estimated future costs to be incurred in developing such proved reserves, are depleted over estimated proved reserves using the unit of production method. For purposes of these calculations, production and reserves of natural gas are converted to barrels on an energy equivalent basis at a ratio of 6,000 cubic feet (“Mcf”) of natural gas to one barrel (“bbl”) of oil. Depletion rates are updated annually unless there is a material change in circumstances, in which case they are updated more frequently. Acquisition costs of probable reserves are not depleted or depreciated while under active evaluation for commercial reserves. Costs are transferred to depletable costs as proved reserves are recognized.

Amounts recorded for depreciation and depletion are based upon estimates of oil and natural gas reserves and estimates of future costs to develop such proved reserves. By their nature, these estimates are subject to measurement uncertainty, and the effect of changes in such estimates in future years on the consolidated financial statements could be significant.

Eurogas calculates a ceiling test whereby the net capitalized costs of properties cannot exceed the sum of the undiscounted cash flows expected to result from the properties using proved reserves. Cash flows are calculated based on forecasted future prices and adjusted for Eurogas’ contracted prices and quality differentials. If there is impairment, the magnitude of it would be calculated by comparing the carrying amount of property, plant and equipment to the estimated net present value of future cash flows from proved plus risked probable reserves. A risk-free interest rate is used to arrive at the net present value of the future cash flows. Any excess carrying value above the net present value of future cash flows would be recorded as a permanent impairment and charged as additional depletion expense in the consolidated statements of operations.

Tangible assets used in the exploration, development and production of oil and gas properties are depreciated over the estimated economic life of the asset. Eurogas’ pipeline infrastructure is depreciated using the unit of production method. Other tangible assets are depreciated on a straight-line or declining-balance basis. Tangible assets also include Eurogas’ inventory of supplies and spare parts, which are carried at their net realizable value.

Consistent with development and production activities, Eurogas follows the full-cost method of accounting for exploration and evaluation expenditures incurred on its Tunisian project. Accordingly, all costs, including asset retirement costs, are accumulated in a separate geographic cost centre. Costs include lease acquisitions, geological and geophysical expenditures, carrying costs of non-productive properties, equipment costs and that portion of general and administrative expenses directly attributable to exploration and evaluation activities.

Proceeds received by Eurogas for the disposal of properties or in farmout arrangements, are normally deducted from the full-cost pool without recognition of a gain or loss. When such a disposal would alter the depreciation rate of the pool by more than 20%, a gain or loss would be recognized.

Eurogas evaluates the carrying value of its deferred exploration costs at least annually, or when events or changes in circumstances indicate that the carrying amounts may not be recoverable. If the carrying value of deferred exploration costs is assessed not to be recoverable, an impairment loss is recognized.

Capital and Other Assets

Capital assets are recorded at cost, net of accumulated depreciation, and are depreciated on a straight-line or declining-balance basis. Annual depreciation rates adopted by the Company range from 10% to 40%. Leasehold improvements are depreciated on a straight-line basis over the period of the lease.

Other assets include deposits made to regulatory authorities, including contingency trust funds, deferred trademark costs and intellectual property acquired in business combinations that are depreciated on a straight-line basis over various terms ranging from five to 15 years.

The Company evaluates the carrying value of capital and other assets whenever changes in circumstances indicate that the carrying value of the asset may not be recoverable. Recoverability is measured by comparing the carrying value of the asset to future undiscounted cash flows expected to be generated from operations and projected disposition. The cash flow projections take into account the estimated cash flows for the life of each asset, specific business plans and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market area. If the analysis indicates that the carrying value is not recoverable from future cash flows, the asset is written down to the estimated fair value and an impairment loss is recognized immediately in net earnings.

The Company also reviews the depreciation methods and estimates of the useful life of its capital and other assets on a regular basis to determine whether events and circumstances warrant a revision. On sale or retirement, the capital and specific asset and its related accumulated depreciation are removed from the consolidated financial statements and any related gain or loss is reflected in net earnings.

Included in capital and other assets are investment management contracts which are classified as intangible assets with an indefinite life. These intangible assets are not depreciated but assessed for impairment annually and more frequently if events or changes in circumstances indicate that there may be an impairment. Indefinite life intangible assets are tested for impairment by comparing their fair values to their carrying values. An impairment loss is recognized when the carrying value of the asset exceeds its fair value. In estimating the fair value of indefinite life intangible assets, the Company uses valuation techniques based on projected discounted cash flows to be derived from these assets. The most sensitive assumptions in this approach include the estimate of cash flows and the determination of the weighted average cost of capital, which is used as the discount rate to determine present value. In order to determine cash flows, the Company estimates growth rates in assets under management ("AUM"), as a result of both net sales activity and performance related activity. Any impairment in an intangible asset is recorded in earnings in the period in which the impairment is identified.

Asset Retirement Obligations

The Company recognizes the estimated liabilities associated with future abandonment and reclamation costs in its consolidated financial statements. Costs are estimated in consultation with third-parties and with the Company's joint venture partners, where appropriate, and are based on current costs and technology. The obligations are initially measured at fair value and subsequently adjusted for the accretion of any discount and any changes to the underlying estimated cash flows. The asset retirement obligations are capitalized to resource properties. The Company reviews the obligations at the end of each reporting period. Revisions to the estimated costs and timing of cash flows will result in an increase or decrease to the asset retirement obligations.

Due to uncertainties concerning environmental remediation, the ultimate cost of future site reclamation could differ from amounts provided. The estimate of the total liability for future site reclamation costs is subject to change due to amendments to applicable laws and regulations and as new information concerning the Company's operations becomes available. The Company is not able to determine the impact on its financial position, if any, of environmental laws and regulations that may be enacted in the future due to the uncertainty surrounding the form and substance that these laws and regulations may take.

Preference Shares

The Company classifies its Preference shares, series 1 (note 16) as financial liabilities for reporting purposes given that these shares may be converted into a variable number of the Company's Class A subordinate voting shares ("Subordinate Shares"), or may be redeemed at or after a particular date for a fixed or determinable amount.

Issue costs related to the issuance of the Company's Preference shares, series 1 are netted against the associated liability, and recorded at amortized cost using the effective interest method. The amortization of issue costs is recorded as interest expense in the consolidated statements of operations.

The Company's Preference shares, series 2 (note 16) are rate reset preferred shares and are therefore not subject to provisions for settlement using a variable number of equity instruments of the Company, or provisions for mandatory redemption requirements. Accordingly, the Company classifies its Preference shares, series 2 as equity instruments.

Revenue Recognition

Management Fees

Management fees are calculated as a percentage of the net asset value of the respective portfolio being managed and are recognized on an accrual basis over the period during which the related service is rendered. These fees are disclosed net of management fee rebates. The Company may also earn performance fees from certain of these portfolios when their market appreciation exceeds established benchmarks. Performance fees are not recognized in earnings until the amounts are established with certainty.

Real estate asset management activities include a broad range of asset management services. Asset management revenues earned through DREAM include both asset management and incentive fees. Generally, asset management fees are calculated as a percentage of the capital managed. These fees are recognized on an accrual basis over the period during which the related service is rendered. Incentive fees are earned when the investment performance of the capital managed exceeds established benchmarks. These fees are not recognized in earnings until the amounts may be established with certainty and are no longer dependent on future events.

DREAM may also earn advisory fees in respect of real estate acquisitions. These fees are generally calculated as a percentage of the purchase price of the assets acquired and are recognized in earnings in a manner commensurate with the recognition of the purchase of such underlying asset by the managed account.

Financial Services

Financial services revenues consist of investment banking, commission and principal trading revenues.

Investment banking revenue consists of fees earned from underwriting activities, mergers and acquisitions and other corporate finance advisory assignments. Revenue is recorded when the underlying transaction is substantially completed under the terms of the engagement. Syndicate expenses related to securities offerings in which Dundee Capital Markets is an underwriter or agent are deferred until the related revenue is recognized.

Commission revenue consists of revenues generated primarily from acting as agent for trading securities on behalf of clients. Commission revenue is recorded on a trade-date basis.

Principal trading revenue includes revenue earned in connection with principal trading operations and is recorded on a trade-date basis. Principal trading revenue includes interest, dividends and realized and unrealized gains and losses on trading securities held. Principal trading revenue also includes foreign exchange trading revenue earned for the provision of foreign exchange services to institutional and retail clients. Foreign exchange trading revenue is recognized on a trade-date basis.

Investment Income

Investment income includes interest and dividend income which are recognized as earned, as well as realized investment gains and losses in respect of the Company's AFS securities or other assets.

Real Estate

Revenue from the sale of developed sites and land sold to third parties is recognized at the time the agreement of purchase and sale is executed, at which point the earnings process is virtually complete, the usual risks and rewards of ownership are transferred to the buyer and the Company does not have a substantial continuing involvement with the property. Revenue is recognized provided that the agreement of purchase and sale is unconditional, at least 15% of the sale proceeds have been received and the collectability of the remaining proceeds is reasonably assured.

Revenue from housing projects is recognized when ownership has been transferred to the purchaser and the collectability of the proceeds of sale is assured. Ownership transfer occurs when the usual risks and rewards of ownership are transferred to the buyer and the Company does not have a substantial continuing involvement with the property.

Revenue from condominium projects is recognized by the percentage-of-completion method upon the sale of individual units when the following criteria have been satisfied: construction is beyond a preliminary stage, the purchaser is unable to demand a refund, sufficient units have been sold to secure that the condominiums will not revert to a rental property, sales prices are collectable and proceeds and costs can be estimated. Proceeds are accounted for as deposits until all of the criteria are met.

Revenue from real estate revenue properties includes base rents, recoveries of operating expenses including property taxes, percentage participation rents, lease cancellation fees, parking income and other incidental income. The Company's real estate segment uses the straight-line method of rental revenue recognition for base rents whereby any contractual rent increase over the term of a lease is recognized in earnings evenly over the lease term.

All other real estate revenue is recognized when earned with the exception of annual season passes to ski resort properties which are deferred and recognized as revenue on a straight-line basis over the ski season.

Oil and Gas Revenue, Net

Revenue associated with the Company's production and sale of crude oil, natural gas, and natural gas liquids is recognized when title is transferred to the customer and delivery has taken place. A portion of the Company's production and sales activities is conducted jointly with others, and accordingly, these consolidated financial statements reflect only the proportionate interest of the Company in such activities.

Revenue from oil and gas sales is presented net of royalty payments to third parties, including the government and other mineral interest owners. Royalties on production are recorded using rates in effect under the terms of contracts with such third parties at the time of production.

Dilution Gains

Consolidation of subsidiaries and the application of the equity method of accounting may result in a dilution gain or loss if the Company's interest in its subsidiary or equity accounted investment is reduced, either by a disposition or by the issuance of shares by the subsidiary or equity accounted investment to an external party. Dilution gains and losses in respect of consolidated subsidiaries are separately reported in the consolidated statements of operations. Dilution gains and losses in respect of equity accounted investments are included in the Company's share of earnings of equity accounted investments.

Share Based Compensation

The Company and its subsidiaries may issue share based compensation to directors, financial advisors and employees under the terms of its share incentive plan and the share incentive plans of its subsidiaries. These plans may include the issuance of share options and other share based awards.

The Company uses the fair value based method to account for share based compensation granted to directors, financial advisors and employees. The value of share based compensation, as at the date of grant, including awards under the Company's share incentive plan or the share incentive plans of its subsidiaries, is recognized over the applicable vesting period as compensation expense, generally with a corresponding increase in contributed surplus. When share options are exercised, the proceeds received, together with the amount in contributed surplus, are added to common share capital. No expense is recognized for share options granted before January 1, 2003. At the time these options are exercised, the amount received is recorded as common share capital. The Company does not factor in an estimated forfeiture rate for share based compensation arrangements, but instead, adjusts for actual forfeitures as a change in estimate as they occur.

The Company's contributions under its employee share purchase plan are expensed as incurred.

Income Taxes

The Company uses the asset and liability method to provide for income taxes on all transactions recorded in the consolidated financial statements. The asset and liability method requires that income taxes reflect the expected future income tax consequences of temporary differences between the carrying amounts of assets and liabilities and their income tax bases. Future income tax assets and liabilities are determined for each temporary difference and for unused losses, as applicable, at income tax rates expected to be in effect when the asset is realized or the liability is settled. The effect on future income tax assets and liabilities of a change in income tax rates is recognized in income in the period that includes the substantive enactment date. A valuation allowance is established, if necessary, to reduce any future income tax asset to an amount that is more likely than not to be realized.

Contingent Losses

The Company records losses when it is likely that a future event will confirm that an asset has been impaired or a liability incurred at the date of the consolidated financial statements and the amount of the loss can be reasonably estimated.

Earnings per Share

Basic earnings per share is computed by dividing the net earnings for the year, adjusted for cumulative dividends on preference shares classified as equity, by the weighted average number of Subordinate Shares and Class B common shares ("Class B Shares") outstanding during the year.

Diluted earnings per share is calculated to reflect the dilutive effect of exercising outstanding share incentive arrangements by applying the treasury stock method and by reflecting the dilutive effect of convertible preference shares, as may be appropriate.

Assets Under Management

AUM represent the period-end market value of client assets managed on a discretionary basis and in respect of which the Company and its subsidiaries earn management fees and in certain cases, performance fees. AUM are not reflected in the consolidated balance sheets.

2. DISCONTINUED OPERATIONS

On November 22, 2010, the Company, together with The Bank of Nova Scotia ("Scotiabank") and DundeeWealth, jointly announced that Scotiabank agreed to make an offer for all of the issued and outstanding shares of DundeeWealth, other than DundeeWealth's first preference shares, series 1, on the basis of (i) 0.2497 of a common share of Scotiabank, and (ii) at the election of the holder, either 0.2 of one \$25 3.70% 5-year rate reset preferred share of Scotiabank ("Scotiabank Preferred Share") or a \$5.00 cash payment in lieu thereof (the "Offer"). The Company entered into a lock-up agreement with Scotiabank pursuant to which it irrevocably agreed to tender its interest in common shares and first preference shares, series X of DundeeWealth, and Scotiabank has agreed to take up and pay for such shares, subject to certain conditions as outlined in the lock-up agreement. In connection with the Offer, holders of DundeeWealth shares also received a special cash dividend of \$2.00 per DundeeWealth share and a common share of Dundee Capital Markets, a corporation established by DundeeWealth to carry on the capital markets activities previously conducted by DundeeWealth, and hold certain of its investments.

The Offer was settled on February 1, 2011 and as a result, the Company disposed of all of its 69,940,415 common shares and 5,453,668 first preference shares, series X of DundeeWealth. As consideration therefore, the Company received 18,599,029 common shares of Scotiabank valued at approximately \$1.0 billion and 14,897,209 Scotiabank Preferred Shares valued at approximately \$0.4 billion. In addition, the Company received a cash distribution of \$148,988,000 and it received 74,484,956 common shares of Dundee Capital Markets pursuant to distributions made by DundeeWealth immediately prior to completion of the Offer. The Company has estimated that during the first quarter of 2011, it will realize a gain on the sale of DundeeWealth of approximately \$864 million, net of future income taxes of approximately \$146 million.

Net Assets of Discontinued Operations Held for Sale

	2010	2009
ASSETS		
Cash and cash equivalents	\$ 373,115	\$ 331,194
Accounts receivable	147,588	122,714
Client accounts receivable	124,829	112,755
Trading securities owned	31,022	17,301
Available-for-sale securities	160,722	135,671
Deferred sales commissions	261,645	236,981
Capital and other assets	41,556	35,794
Goodwill and other intangible assets	727,547	730,697
Assets of discontinued operations held for sale	\$ 1,868,024	\$ 1,723,107
LIABILITIES		
Accounts payable and accrued liabilities	\$ 151,932	\$ 113,003
Client deposits and related liabilities	142,475	154,600
Income taxes payable	15,581	5,514
Corporate debt	352,006	351,251
Future income tax liabilities	103,498	51,013
Liabilities of discontinued operations held for sale	\$ 765,492	\$ 675,381
Net assets of discontinued operations held for sale before non-controlling interests	1,102,532	1,047,726
Less: non-controlling interests	(537,817)	(503,489)
Net assets of discontinued operations held for sale	\$ 564,715	\$ 544,237

Net Earnings from Discontinued Operations

	2010	2009
REVENUES		
Management fees	\$ 616,052	\$ 439,010
Redemption fees	16,456	13,978
Financial services	201,281	184,144
	833,789	637,132
Investment income	41,485	21,551
	875,274	658,683
EXPENSES		
Selling, general and administrative	268,649	235,191
Variable compensation	133,376	135,154
Trailer service fees	176,853	127,513
	578,878	497,858
OPERATING EARNINGS BEFORE INTEREST, TAXES, AND OTHER NON-CASH ITEMS	296,396	160,825
Amortization of deferred sales commissions	97,892	88,689
Depreciation, depletion and accretion	9,940	10,555
Interest expense	22,006	21,015
Foreign exchange loss (gain)	835	(9,691)
EARNINGS BEFORE UNDERNOTED ITEMS	165,723	50,257
Income taxes		
Current	46,500	29,173
Future	34,757	(9,657)
Non-controlling interest	43,829	13,716
	40,637	17,025
Other comprehensive income from discontinued operations, net of taxes and non-controlling interests	1,404	22,966
COMPREHENSIVE EARNINGS FROM DISCONTINUED OPERATIONS	\$ 42,041	\$ 39,991

The assets and liabilities related to the DundeeWealth business acquired by Scotiabank have been reclassified as assets or liabilities of discontinued operations in the consolidated balance sheets. Operating results related to these assets and liabilities have been included in income from discontinued operations in the consolidated statements of operations. Comparative period balances have been restated.

In connection with the Offer, each of the Company and Ned Goodman, the Company's President and Chief Executive Officer, entered into a non-competition and non-solicitation agreement (the "Agreement") with Scotiabank which, among other things, restricts each of them for a period of three years, from competing directly or indirectly with the business of DundeeWealth acquired by Scotiabank, as defined in the Agreement.

Dilution of Interest in DundeeWealth

From time to time, DundeeWealth issued common shares from its treasury to settle share incentive awards to employees and financial advisors, or otherwise. Unless the Company participated in the issuance of common shares from treasury on a pro-rata basis, such issuances resulted in a dilution of the Company's interest in DundeeWealth. During 2010 and prior to the Offer as outlined above, the issuance of common shares from treasury by DundeeWealth resulted in the Company recognizing a dilution gain of \$1,804,000 (2009 - \$2,576,000).

3. BUSINESS COMBINATIONS, DISPOSITIONS AND REORGANIZATIONS

Transactions Completed During 2010

Acquisition of Oil and Natural Gas Properties in Ontario by Eurogas Corporation

On June 29, 2010, Dundee Energy Limited Partnership ("DELP"), a limited partnership wholly-owned by Eurogas Corporation, acquired a 95% working interest in onshore oil properties and a 65% working interest in offshore gas properties, all located in and around Lake Erie, Ontario. As part of the acquisition, DELP also acquired a 65% working interest in certain other tangible assets, including drilling and completion vessels, gas plants and compressor stations and a 100% interest in oil production facilities. The acquisition also provides for ownership of certain offshore and onshore seismic data. The assets were acquired for aggregate cash consideration of \$131,725,000 including estimated transaction costs of \$3,117,000. A preliminary allocation of the cash consideration paid to the various net assets acquired was based on an estimate of their underlying fair values and is summarized below:

Net assets acquired	
Property, plant and equipment*	\$ 147,289
Prepays	751
Inventory	758
Investment in Lake Erie Limited Partnership	300
Accounts receivable	150
	149,248
Asset retirement obligation	(17,038)
Future income tax liability	(485)
	\$ 131,725
Aggregate purchase price	
Cash	\$ 131,725
	\$ 131,725

*Includes capitalization of \$17,038,000 future abandonment and reclamation costs and associated taxes of \$485,000.

The purchase and sale agreement between DELP and the vendor provides DELP with the right to ascertain and verify any purchase price adjustments proposed by the vendor, through a formal audit or otherwise, prior to June 29, 2011. Accordingly, the allocation of the purchase price to the net assets acquired may not be finalized and may be subject to adjustment.

Equity Changes in Eurogas

During 2010, the Company recognized a dilution gain of \$339,000 associated with other transactions that resulted in changes in the shareholders' equity of Eurogas.

Acquisition of Nichromet Exploration Inc. ("Nichromet")

During the year ended December 31, 2010, the Company completed a series of share purchase agreements to acquire a 63% interest in Nichromet, a resource-based private company, for aggregate cash consideration of \$6,085,000. The acquisition was accounted for using the purchase method with the aggregate purchase price allocated to the fair value of the net assets acquired.

Net assets acquired	
Cash	\$ 985
Capital assets	6,944
Other net assets	423
Non-controlling interest	(2,267)
	<hr/>
	\$ 6,085
Aggregate purchase price	
Cash	\$ 6,085
	<hr/>
	\$ 6,085

Disposition of Investment in Fort Cady Minerals Corporation ("Fort Cady")

In August 2010, the Company disposed of its 80% interest in Fort Cady for proceeds of \$741,000, including cash of \$257,000 and a five-year 8% promissory note for \$492,000. Included in investment income is a \$485,000 gain in respect of the disposition.

Dilution of Interest in Dundee Realty

In 2006, the non-controlling shareholder of Dundee Realty was granted options through the issuance of a class of Dundee Realty shares that enabled the non-controlling shareholder to acquire additional common shares of Dundee Realty over a six-year period, at an aggregate cost of approximately \$10,698,000. If exercised, the non-controlling shareholder's interest in Dundee Realty would increase to 30%. Prior to January 1, 2010, the non-controlling shareholder had paid \$5,349,000 towards the exercise of these options.

In 2010, the Company agreed to permit the acceleration of vesting requirements of the option arrangement, following which the non-controlling shareholder exercised all of the then outstanding options for \$5,349,000. As a result, the non-controlling shareholder's interest increased to 30%, diluting the Company's interest in Dundee Realty from 74% at December 31, 2009 to 70%. During 2010, the Company recognized a dilution loss of \$4,966,000 in respect of its investment in Dundee Realty.

Transactions Completed During 2009

Real Estate Transactions

Dilution of Interest in Dundee Realty

In 2009, the non-controlling shareholder of Dundee Realty exercised an option to acquire a 1.4% interest in Dundee Realty for aggregate cash consideration of \$1,783,000. The Company recognized a dilution loss of \$1,303,000 as a result of this transaction.

Deconsolidation of Variable Interest Entity

As part of Dundee Realty's co-ownership in the Distillery Historic District, Dundee Realty had previously provided the funds necessary for the other co-owners to invest in the co-ownership structure. The co-ownership structure was determined to be a VIE for which Dundee Realty was considered the primary beneficiary and accordingly, 100% of the accounts of the VIE were consolidated with those of the Company, with the other co-owners' share reflected as non-controlling interest.

During 2009, amounts advanced to the other co-owners were repaid to Dundee Realty and therefore, the co-ownership is no longer considered a VIE. Accordingly, during 2009, the Company deconsolidated 50% of the co-ownership.

Deconsolidation of Variable Interest Entity	
Capital, real estate and other assets	\$ (26,045)
Working capital, net	3,400
Corporate debt	20,023
Non-controlling interest	2,622

Resource Transactions

Step Acquisition in Eurogas Corporation

During 2009, the Company purchased 1,500,000 common shares of Eurogas for aggregate cash consideration of \$983,000. The purchase price was allocated to the fair value of net assets acquired. The amount allocated to the Resource properties – Tunisia has been included in "Resource properties" in the consolidated balance sheets of the Company.

Net assets acquired	
Resource properties - Tunisia	\$ 259
Other net assets	724
	\$ 983
Aggregate purchase price	
Cash	\$ 983
	\$ 983

Dilution of Interest in Eurogas Corporation

During 2009, the Company recognized a dilution loss of \$29,000 from changes in Eurogas' equity, including the issuance of common shares pursuant to its share incentive arrangements.

4. CLIENT ACCOUNTS RECEIVABLE

	2010	2009
Client accounts	\$ 173,634	\$ 188,574
Brokers' and dealers' balances	35,606	30,744
Funds deposited into trust	176,089	99,466
Securities borrowed	58,532	69,707
	\$ 443,861	\$ 388,491

The Dundee Capital Markets segment is holding collateral with a market value of \$58,793,000 (2009 – \$69,708,000) against amounts receivable pursuant to borrowing arrangements.

5. TRADING SECURITIES OWNED AND SECURITIES SOLD SHORT

	2010				2009			
	Trading Securities		Securities		Trading Securities		Securities	
	Owned		Sold Short		Owned		Sold Short	
Bonds	\$	100,333	\$	18,205	\$	115,577	\$	22,718
Equities and convertible debentures		76,877		1,041		65,513		409
	\$	177,210	\$	19,246	\$	181,090	\$	23,127

Bonds include \$836,000 (2009 - \$74,459,000) in guaranteed investment certificates held by the resource segment. These amounts have been deposited with a Canadian Schedule I Chartered Bank. Bond maturities range from 2011 to 2052 (2009 – from 2010 to 2109) and have annual interest yields ranging from 0% to 12.0% (2009 – 0% to 11.5%).

From time to time, the Dundee Capital Markets segment may sell securities that it does not own and will therefore be obligated to purchase such securities at a future date. The segment may incur a loss if the market value of these securities subsequently increases.

6. AVAILABLE-FOR-SALE SECURITIES

	2010				2009			
	Cost		Fair Value		Cost		Fair Value	
	Resource-based investments	\$	58,628	\$	129,615	\$	44,114	\$
Other public investments		17,956		26,941		19,008		20,719
Private investments		24,578		24,663		16,250		16,238
Mutual funds		9,538		17,263		15,739		14,642
	\$	110,700	\$	198,482	\$	95,111	\$	121,823

The Company recognizes changes in fair values of AFS securities, other than changes that are determined to be other-than-temporary impairments in fair value, in OCI. During 2010, the Company recognized OCI of \$60,984,000 (2009 - \$46,698,000) relating to its portfolio of AFS securities.

7. EQUITY ACCOUNTED INVESTMENTS

Trade Symbol	Investment	Ownership	2010		2009		
			Carrying		Carrying		
			Value		Value		
DPM	Dundee Precious Metals Inc.	23%	\$	109,522	20%	\$	45,109
D.UN	Dundee Real Estate Investment Trust	9%		90,197	18%		84,156
BWR	Breakwater Resources Ltd.	23%		50,760	25%		18,662
RYG	Ryan Gold Corp. (formerly Valdez Gold Inc.)	12%		6,056	33%		2,082
-	Escal UGS S.L.	33%		5,930	33%		5,714
CRG	Corona Gold Corporation	26%		5,865	26%		1,823
ODX	Odyssey Resources Ltd.	31%		714	31%		1,417
			\$	269,044		\$	158,963

The aggregate fair value of the Company's equity accounted investments as at December 31, 2010 was \$586,190,000 (2009 – \$255,582,000).

Significant Transactions in Equity Accounted Investments

Dundee Precious Metals Inc. ("Dundee Precious")

In 2010, Dundee Precious completed a public offering of its common shares at a price of \$3.30 per share. The Company purchased an aggregate of 8,881,200 common shares pursuant to the offering at a cost to the Company of \$29,308,000. As a result of the acquisition, the Company's interest in Dundee Precious was increased from 20% to 23% at December 31, 2010.

Dundee Real Estate Investment Trust

The Company's investment in Dundee REIT is partially held through limited partnership units of Dundee Properties Limited Partnership ("DPLP"). The limited partnership units are convertible, at the Company's option, into publicly traded Dundee REIT units on a one-for-one basis. The Company has placed sufficient units of DPLP into escrow to meet its potential obligation to deliver Dundee REIT units pursuant to the exchange feature of its outstanding exchangeable debentures (note 14). There were no exchanges pursuant to the exchangeable debentures during 2010 and 2009.

During 2009, a subsidiary of the Company received 140,448 Dundee REIT units relating to a historic transaction pursuant to which the Company was entitled to Dundee REIT units that had remained unclaimed since 2003. Following receipt of the Dundee REIT units and the associated unclaimed distributions in respect thereof, the Company and its subsidiaries held an aggregate 21% interest in Dundee REIT.

In 2009, Dundee REIT completed a public offering of 3,852,500 units at a price of \$18.35 per unit. The Company did not participate in the offering, resulting in a dilution of the Company's interest to 18%.

During 2010, Dundee REIT completed several additional public offerings, issuing approximately 24,328,000 units at an average price of \$24.38 per unit. The Company did not participate in the offerings and accordingly, the Company's interest in Dundee REIT was diluted to 9% at December 31, 2010. The Company continues to account for its investment in Dundee REIT on an equity basis as it is able to exert significant influence over the operations and financial results of Dundee REIT through its representation on the board of trustees of Dundee REIT, through services arrangements and through senior management representation.

Subsequent to December 31, 2010, Dundee REIT completed an additional offering of approximately 4,749,000 units at a price of \$30.30 per unit. The offering further dilutes the Company's interest to approximately 8%.

Breakwater Resources Ltd. ("Breakwater")

In 2009, Breakwater completed a public offering pursuant to which the Company acquired an aggregate of 5,796,000 units of Breakwater at a price of \$1.00 per unit. Each unit was comprised of one common share of Breakwater and one-half of one common share purchase warrant. Each warrant entitles the holder to purchase one common share at an exercise price of \$1.20 per common share.

In 2010, Breakwater completed a bought-deal offering at a price of \$6.30 per share. The Company acquired an aggregate of 475,000 common shares of Breakwater pursuant to the offering at an aggregate cost to the Company of \$2,993,000. As the Company did not purchase its pro-rata share of the offering, the Company's interest in Breakwater was diluted to 23% at December 31, 2010.

Ryan Gold Corp. ("Ryan Gold") (formerly Valdez Gold Inc.)

During 2010, Valdez Gold Inc. acquired, and subsequently amalgamated with Ryan Gold. As a result of the amalgamation, the Company's interest in Ryan Gold, including its pro-rata interest held through other equity accounted investments, was diluted to 12% at December 31, 2010. The Company continues to account for its investment in Ryan Gold on an equity basis as it is able to exert significant influence over the operations and financial results of Ryan Gold through its representation on the board of directors and through senior management representation.

Escal UGS S.L. (“Escal”)

The Company’s interest in Escal is held directly by Castor UGS Limited Partnership (“CLP”), a subsidiary of the Company’s 54%-owned subsidiary, Eurogas. The remaining interest in Escal is held by ACS Servicios Comunicaciones y Energia, S.L. (“ACS”).

During 2010, Escal entered into a €1.3 billion ten-year financing arrangement (the “Project Financing”) with a banking syndicate towards the construction and commissioning of the Castor underground gas storage project in Spain, which has an estimated cost of €1.5 billion in aggregate. Borrowings pursuant to the Project Financing require a minimum equity to debt ratio of 15% to 85%. In accordance with a memorandum of understanding between the shareholders of Escal, ACS is obligated to provide all equity or quasi-equity funding, as may be required pursuant to the Project Financing. Notwithstanding ACS’s obligation to provide such equity financing, CLP retains a 33% interest in all distributions out of Escal, including distributions that may be made through repayment by Escal of amounts owing pursuant to subordinated and/or participating loan arrangements.

During 2010, Escal issued 138 par value shares for €7,000. To maintain its proportionate interest in Escal, CLP acquired 46 of the newly issued shares at a cost of €2,000 (Cdn\$3,000). In addition and in order to comply with minimum equity to debt ratio requirements, ACS also contributed an issuance premium on the newly issued shares of €20,429,000 and it issued €5,500,000 in subordinated loans. CLP has not recognized the benefit of its 33% interest in the issuance premium and subordinated loans as the ultimate realization and measurement of the benefit is subject to a significant number of risks and uncertainties, including but not limited to, execution risk associated with the construction of the project, the availability and terms of future financing arrangements and the 50-year life span of the project.

Share of Earnings of Equity Accounted Investments

Investment	2010			2009		
	Equity Earnings (Loss)	Dilution Gain (Loss)	Total	Equity Earnings (Loss)	Dilution Gain (Loss)	Total
Dundee Precious Metals Inc.	\$ 24,163	\$ 941	\$ 25,104	\$ 5,547	\$ 217	\$ 5,764
Dundee Real Estate Investment Trust	2,855	9,650	12,505	2,032	(3,243)	(1,211)
Breakwater Resources Ltd.	26,185	4,717	30,902	5,251	(1,150)	4,101
Ryan Gold Corp. (formerly Valdez Gold Inc.)	(1,514)	4,341	2,827	(482)	17	(465)
Escal UGS S.L.	4	-	4	(25)	-	(25)
Corona Gold Corporation	1,292	-	1,292	(642)	(33)	(675)
Odyssey Resources Ltd.	(605)	(147)	(752)	(1,594)	399	(1,195)
			\$ 71,882			\$ 6,294

8. REAL ESTATE ASSETS

	2010	2009
Land under development	\$ 103,329	\$ 135,235
Land held for development	165,136	167,628
Housing and condominiums	84,271	75,502
Revenue properties	76,175	62,506
	\$ 428,911	\$ 440,871

9. RESOURCE PROPERTIES

	2010	2009
Ontario	\$ 144,445	\$ -
Tunisia	22,748	22,454
Other	363	1,221
	\$ 167,556	\$ 23,675

10. CAPITAL AND OTHER ASSETS

	2010			2009	
	Cost	Accumulated Depreciation	Net Book Value	Net Book Value	
Furniture and fixtures	\$ 5,176	\$ (4,387)	\$ 789	\$ 703	
Computer hardware and software	4,236	(3,850)	386	717	
Leasehold improvements	6,190	(2,190)	4,000	4,266	
Investment management contracts	5,658	-	5,658	5,658	
Trademarks	13,279	(3,585)	9,694	8,838	
Other	21,786	(3,336)	18,450	10,222	
	\$ 56,325	\$ (17,348)	\$ 38,977	\$ 30,404	

11. BANK INDEBTEDNESS

From time to time, Dundee Capital Markets' brokerage subsidiary 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, 2010, there were no call loan facilities available to the brokerage subsidiary.

Capital markets activities previously conducted directly by DundeeWealth's brokerage subsidiary and subsequently transferred to Dundee Capital Markets (note 2) had drawn \$4,821,000 against available call loan facilities at December 31, 2009. There were no amounts outstanding pursuant to these call loan facilities at December 31, 2010.

During 2010, the interest rate on these facilities ranged from 1.5% to 2.0% (2009 – 1.20% to 2.75%) on Canadian dollar denominated borrowings and from 1.15% to 2.75% (2009 - 1.25% to 2.75%) on borrowings denominated in United States dollars.

12. CLIENT DEPOSITS AND RELATED LIABILITIES

	2010	2009
Client accounts	\$ 412,157	\$ 333,646
Brokers' and dealers' balances	56,773	59,489
Securities loaned	15,229	24,310
International banking client accounts	3,919	4,241
	\$ 488,078	\$ 421,686

The Dundee Capital Markets segment has provided securities with a fair value of \$15,641,000 (2009 – \$24,586,000) against amounts outstanding pursuant to domestic securities lending arrangements.

13. ASSET RETIREMENT OBLIGATIONS

The Company's asset retirement obligations are comprised of the expected future abandonment and reclamation costs associated with the oil and gas properties acquired by Eurogas in southern Ontario, Canada (note 3), as well as abandonment and reclamation costs in respect of Eurogas' activities in Tunisia.

In June 2010 and in connection with Eurogas' acquisition of oil and natural gas properties in Ontario, Eurogas estimated its abandonment and reclamation costs based on its net ownership in the wells and facilities acquired, the estimated cost to abandon and reclaim these wells and facilities and the estimated timing of the costs to be incurred in future periods. The total undiscounted amount of the estimated cash flows required to settle the asset retirement obligation in southern Ontario was \$83,890,000, and is expected to be incurred over the next 64 years, with the majority of costs being incurred over the next 50 years. A credit adjusted risk-free rate of 6.65% and an inflation rate of 2% were used to calculate the present value of the asset retirement obligation at June 29, 2010 of \$17,038,000.

At December 31, 2010, the total undiscounted amount of the estimated cash flows required to settle the asset retirement obligation in southern Ontario, Canada was \$83,655,000, with no changes made to the key assumptions used to determine the asset retirement obligation on June 29, 2010.

Eurogas is also required to complete certain abandonment and reclamation work in Tunisia. While the costs required to complete this work is dependent on the type of rig that will be used and on the costs of mobilizing and demobilizing a rig, Eurogas estimates that aggregate costs will be between US\$5.5 million and US\$10 million, of which Eurogas' share, on an undiscounted basis and in Canadian dollars is \$1,791,000. This liability has been included as an asset retirement obligation in these consolidated financial statements assuming a credit adjusted risk-free rate of 5.7% and an annual inflation rate of 2%.

	2010	2009
Balance, January 1	\$ 1,603	\$ 1,202
Liabilities incurred	17,038	314
Liabilities settled	(235)	-
Accretion expense	623	87
Balance, December 31,	\$ 19,029	\$ 1,603

As required by statute, Eurogas has also provided the Ontario Ministry of Natural Resources with a letter of credit in respect of future abandonment costs. At December 31, 2010, the amount of the letter of credit was \$3,270,000 (note 14).

14. CORPORATE DEBT

At December 31, 2010 and 2009, the fair value of corporate debt approximated its carrying value.

	2010	2009
Corporate		
\$9.5 million, 5.85% exchangeable unsecured subordinated debentures due June 30, 2015	\$ 9,418	\$ 9,227
Subsidiaries		
\$80 million demand revolving credit facility, Eurogas Corporation	62,371	-
\$150 million revolving term credit facility, Dundee Realty Corporation, due November 30, 2011	86,000	75,408
Other real estate debt	109,645	105,433
	\$ 267,434	\$ 190,068

Available Credit Facilities - Corporate

In 2010, the Company's \$200 million revolving term credit facility established in November 2009 was fully repaid and the arrangements were extinguished. During 2010, interest expense relating to the extinguished facility was \$1,504,000 (2009 - \$3,953,000).

In November 2010, the Company established a new \$200 million revolving term credit facility with a Canadian Schedule I Chartered Bank, due November 11, 2011. Borrowings under the facility bear interest, at the Company's option, at a rate per annum equal to either the bank's prime lending rate for loans plus 1.25% or at the then prevailing bankers' acceptance rate of the London Inter-Bank Offer Rate plus 2.25%. Unused amounts available under the facility are subject to a standby fee of 0.5625%. Draws pursuant to the facility are contingent on, among other things, the Company entering into a pledge agreement against certain of its investments. At December 31, 2010, there were no amounts outstanding pursuant to this facility.

The new facility is subject to certain covenants, including maintenance of certain financial ratios and restrictions on the existence of other secured indebtedness, restrictions on the redemption, purchase or repayment of the \$9.5 million of the Company's exchangeable debentures and restrictions on the prepayment and payment of interest on such exchangeable debentures.

During 2010, interest expense relating to the Company's newly established revolving term credit facility was \$660,000.

\$9,545,000, 5.85% Exchangeable Unsecured Subordinated Debentures

At December 31, 2010, the Company had 9,545 (2009 - 9,545) outstanding exchangeable unsecured subordinated debentures with a par value per debenture of \$1,000. The exchangeable debentures mature on June 30, 2015 and bear interest at 5.85% per annum, payable semi-annually on June 30 and December 31 of each year. Each exchangeable debenture may be exchanged, at the option of the holder for 33.6134 units of Dundee REIT, representing a conversion price of \$29.75 per Dundee REIT unit. There were no surrenders of exchangeable debentures during 2010 and 2009.

The Company has placed sufficient units of DPLP (note 7) into escrow in order to satisfy the exchange feature of the exchangeable debenture. Each DPLP unit is convertible into a Dundee REIT unit on a one-for-one basis. The Company retains all voting rights and related privileges and is entitled to all distributions and rights of reinvestment of such distributions associated with the units held in escrow.

The carrying value of the exchangeable debentures is adjusted in the consolidated financial statements to reflect the fair value of the exchange feature, provided that such adjustment does not result in a carrying value that is below the principal value of the exchangeable debentures outstanding. The fair value of the exchange feature is determined using a valuation model that recognizes both the debt and exchange feature of the debentures and is based on the premise that each of these components have different default risks. Changes in the fair value of the exchange feature are recorded in consolidated net earnings. Based on this valuation model, the Company determined that the value of the exchangeable debentures at December 31, 2010 was \$9,680,000 (2009 - \$9,545,000).

\$80,000,000 Demand Revolving Credit Facility, Eurogas Corporation

On June 29, 2010, Eurogas' subsidiary established a credit facility in the amount of \$80,000,000 with a syndicate comprised of certain Canadian chartered banks. The credit facility provides the subsidiary with a revolving demand loan, subject to a tiered interest rate structure based on its net debt to cash flow ratio, as defined in the credit facility. Based on current ratios, draws on the credit facility bear interest, at the option of the subsidiary, at either the bank's prime lending rate plus 3.0% for loans or letters of credit, or, for bankers' acceptances, at the bank's then prevailing bankers' acceptance rate plus 4.0%. The subsidiary is also subject to a standby fee of 0.55% on unused amounts under the credit facility.

At December 31, 2010, the subsidiary had drawn \$65,641,000 pursuant to the credit facility, including \$3,270,000 issued in the form of a letter of credit. Of the total amount drawn, \$63,888,000 was in connection with the acquisition of oil and

natural gas properties in Lake Erie, Ontario (note 3), of which \$1,517,000 was subsequently repaid. Available credit under the credit facility at December 31, 2010 was \$14,359,000.

The credit facility is secured against all of the oil and natural gas properties owned by Eurogas' subsidiary. In addition, Eurogas has assigned a limited recourse guarantee of its units in the subsidiary as further security pursuant to the credit facility. The credit facility is subject to certain covenants, including maintenance of minimum levels of working capital.

Interest expense relating to the credit facility since its establishment on June 29, 2010 was \$2,147,000, including arrangement fees and standby fee charges.

\$150,000,000 Revolving Term Credit Facility, Dundee Realty Corporation

Dundee Realty has established a revolving term credit facility available up to a formula based maximum not to exceed \$150,000,000 with a Canadian Schedule I Chartered Bank. The facility bears interest, at Dundee Realty's option, at a rate per annum equal to either the bank's prime lending rate plus 3.00% (2009 – 3.00%) or at the bank's then prevailing bankers' acceptance rate plus 4.25% (2009 - 4.25%). The facility is secured by a general security agreement and a first charge against various real estate assets in western Canada.

At December 31, 2010, Dundee Realty had drawn \$115,469,000 (2009 - \$101,263,000) against this facility, including \$29,469,000 (2009 - \$25,855,000) in the form of letters of credit. Interest expense relating to this revolving term credit facility during the year ended December 31, 2010, was \$3,501,000 (2009 – \$2,867,000).

Subsequent to December 31, 2010, Dundee Realty amended its revolving term credit facility, extending the maturity date to November 30, 2012. The amended revolving term credit facility, which was established on February 1, 2011, bears interest, at Dundee Realty's option, at a rate per annum equal to either the bank's prime lending rate plus 1.75% or at the bank's then prevailing bankers' acceptance rate plus 3.00%.

Other Real Estate Debt

Real estate debt is secured by charges on specific properties to which the debt relates. Mortgages, including land mortgages, are secured by charges on specific properties. Housing advances are secured by charges on specific land under development, housing and condominiums under development, or land held for development. Term debt is secured by charges on specific capital equipment. At December 31, 2010, the weighted average interest rate on fixed rate debt at Dundee Realty, aggregating \$52,092,000 (2009 - \$50,140,000), was 7.40% (2009 – 7.55%). The remaining real estate debt, including in respect of its demand revolving term credit facilities, is subject to variable interest rates with a weighted average rate at December 31, 2010 of 5.08% (2009 – 4.80%). Fixed rate debt matures between 2011 and 2030. Variable rate debt, including demand revolving term credit facilities, matures between 2011 and 2018.

During 2010, Dundee Realty capitalized interest of \$1,706,000 (2009 - \$5,366,000), including interest incurred on its revolving term credit facility and on other real estate debt, to the carrying value of real estate assets.

15. NON-CONTROLLING INTEREST

	2010	2009
Non-controlling interest in:		
Dundee Realty Corporation	\$ 76,495	\$ 55,275
Eurogas Corporation	44,451	46,205
Dundee Capital Markets Inc.	88,624	62,902
Nichromet Exploration Inc. (note 3)	1,900	-
	211,470	164,382
Non-controlling interest in discontinued operations	537,817	503,489
	\$ 749,287	\$ 667,871

16. PREFERENCE SHARES

Authorized

The Company is authorized to issue an unlimited number of first preference shares, issuable in series, an unlimited number of second preference shares, issuable in series, and an unlimited number of third preference shares, issuable in series.

First Preference Shares — Each series of first preference shares ranks on a parity with the first preference shares of every other series and will be entitled to preference on the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company over the Subordinate Shares, Class B Shares, second preference shares and third preference shares.

Second Preference Shares — Each series of second preference shares ranks junior and subordinate to the first preference shares, on a parity with second preference shares of every other series and will be entitled to preference over the Subordinate Shares, Class B Shares and third preference shares. There are no second preference shares outstanding.

Third Preference Shares — Each series of third preference shares ranks junior and subordinate to the first preference shares and the second preference shares, on a parity with the third preference shares of every other series and will be entitled to preference over the Subordinate Shares and Class B Shares. There are no third preference shares outstanding.

Issued and Outstanding Preference Shares, First Series, Series 1 (“Preference shares, series 1”)

	Number of Shares	Par Value	Issue Costs	Premium	Net Book Value
Balance as at December 31, 2008	6,000,000	\$ 150,000	\$ (3,556)	\$ 927	\$ 147,371
Amortization during the year	-	-	474	(123)	351
Balance as at December 31, 2009	6,000,000	150,000	(3,082)	804	147,722
Amortization during the year	-	-	474	(124)	350
Balance as at December 31, 2010	6,000,000	\$ 150,000	\$ (2,608)	\$ 680	\$ 148,072

There are currently 6,000,000 5.00% cumulative redeemable first preference shares, series 1 outstanding with a face value of \$25.00 per share. The Preference shares, series 1 rank on a parity with the Preference shares, series 2 and series 3 (see below) and in priority to the Subordinate Shares and the Class B Shares of the Company as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Company. The Preference shares, series 1 entitle the holder to a fixed preferential cumulative dividend at the rate of 5.00% per annum, payable quarterly. The Preference shares, series 1 are generally non-voting, except in limited circumstances.

The Preference shares, series 1 may be redeemed, at the option of the Company, at any time at a price per share which declines over time in accordance with the terms of the Preference shares, series 1 from \$26.25 per share if redeemed prior to June 30, 2011 to \$25.00 per share if redeemed after June 30, 2015 (the “DC Redemption Price Schedule”).

The Company may elect to convert the Preference shares, series 1 to Subordinate Shares of the Company at any time, subject to regulatory approval. The Preference shares, series 1 will be converted on the basis of one Preference share, series 1 for that number of Subordinate Shares that is equal to the redemption price at the time of the conversion determined in accordance with the DC Redemption Price Schedule divided by the current market price of the Subordinate Shares, determined in accordance with a formula. The Company does not currently intend to convert the Preference shares, series 1.

Any redemption or conversion of the Preference shares, series 1 by the Company, prior to June 30, 2011 is limited to circumstances where the Preference shares, series 1 are entitled to vote separately, as a class or series, by law.

The Company may, at any time, purchase the Preference shares, series 1 for cancellation in the open market, by private placement or otherwise.

The Preference shares, series 1 are retractable by the holder at any time after June 30, 2016 for cash of \$25.00 per share.

Issued and Outstanding First Preference Shares, Series 2 (“Preference shares, series 2”)

	Number of Shares	Par Value	Issue Costs	Net Book Value
Issued, September 15, 2009	4,600,000	\$ 115,000	\$ -	\$ 115,000
Issued, September 21, 2009	600,000	15,000	-	15,000
Issue costs	-	-	(2,915)	(2,915)
Balance as at December 31, 2009	5,200,000	130,000	(2,915)	127,085
Issue costs	-	-	(17)	(17)
Balance as at December 31, 2010	5,200,000	\$ 130,000	\$ (2,932)	\$ 127,068

In 2009, the Company issued 5,200,000 cumulative 5 year rate reset Preference shares, series 2 at a price of \$25.00 per share for net proceeds of \$125,906,000, after issue costs of \$4,094,000.

The Preference shares, series 2 rank on a parity with the Preference shares, series 1 and Preference shares, series 3 (see below), and rank in priority to the Subordinate Shares and the Class B Shares of the Company as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Company. The Preference shares, series 2 entitle the holder to a fixed preferential cumulative dividend at the rate of 6.75% per annum, payable quarterly for the initial period from and including September 15, 2009 to, but excluding September 30, 2014. Thereafter, the dividend rate will reset every five years to equal the then Canadian dollar denominated non-callable Government of Canada bond yield with a term to maturity of five years plus 4.10%. The Preference shares, series 2 are generally non-voting, except in limited circumstances.

Holder of Preference shares, series 2 have the option to convert the shares into Cumulative Floating Rate First Preference Shares, series 3 (“Preference shares, series 3”), subject to certain conditions, on September 30, 2014 and on September 30 every fifth year thereafter (“Series 3 conversion date”). The conversion is on the basis of one Preference share, series 3 for each Preference share, series 2.

The Preference shares, series 2 may be redeemed, at the option of the Company, on September 30, 2014 and on September 30 every fifth year thereafter at a price of \$25.00 per share. Prior to September 30, 2014, the Company has the right to redeem the Preference shares, series 2 in limited circumstances.

First Preference Shares, Series 3 (“Preference shares, series 3”)

The Preference shares, series 3 rank on a parity with the Preference shares, series 1 and Preference shares, series 2, and rank in priority to the Subordinate Shares and the Class B Shares of the Company as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Company. Holders of Preference shares, series 3, if and when issued, will be entitled to receive quarterly floating rate, cumulative preferential cash dividends based on the applicable three month Government of Canada T-Bill rate plus 4.10%. The Preference shares, series 3 are generally non-voting, except in limited circumstances.

Holder of Preference shares, series 3 will have the option, on September 30, 2019 and on each September 30 every fifth year thereafter, to convert their Preference shares, series 3 into Preference shares, series 2. The conversion is on the basis of one Preference share, series 2 for each Preference share, series 3.

On September 30, 2019 and on September 30 every fifth year thereafter, the Company has the option to redeem the Preference shares, series 3 by payment of an amount in cash of \$25.00 per share together with accrued and unpaid dividends to, but excluding, the redemption date.

On any date after September 30, 2014 that is not a Series 3 conversion date, the Company has the option to redeem the Preference shares, series 3 by payment of an amount in cash of \$25.50 per share together with accrued and unpaid dividends to, but excluding, the redemption date.

There were no Preference Shares, series 3 outstanding on December 31, 2010.

17. SHARE CAPITAL

Authorized

The Company is authorized to issue an unlimited number of Subordinate Shares and an unlimited number of Class B Shares. Holders of Subordinate Shares and Class B Shares are entitled to one vote and 100 votes, respectively, for each such share held. The Subordinate Shares and Class B Shares participate equally, share for share, as to dividends. The Class B Shares are convertible into Subordinate Shares on a one-for-one basis at any time. In the event of an offer to purchase the Class B Shares by a third party, and in certain circumstances, each Subordinate Share will be convertible, at the option of the holder, into one Class B Share for purposes of accepting an offer.

Issued and Outstanding

	SUBORDINATE SHARES		CLASS B SHARES		TOTAL	
	Number	Amount	Number	Amount	Number	Amount
Outstanding December 31, 2008	71,139,788	\$ 280,232	3,119,788	\$ 8,166	74,259,576	\$ 288,398
Transactions during the year ended						
December 31, 2009						
Redeemed pursuant to issuer bid	(260,700)	(1,041)	-	-	(260,700)	(1,041)
Issuance of shares under the share incentive plan	25,087	180	-	-	25,087	180
Options exercised	300,000	1,670	-	-	300,000	1,670
Conversion from Class B Shares to Subordinate Shares	351	1	(351)	(1)	-	-
Outstanding December 31, 2009	71,204,526	\$ 281,042	3,119,437	\$ 8,165	74,323,963	\$ 289,207
Transactions during the year ended						
December 31, 2010						
Redeemed pursuant to issuer bid	(4,350,400)	(17,353)	-	-	(4,350,400)	(17,353)
Issuance of shares under the share incentive plan	10,221	140	-	-	10,221	140
Options exercised	681,232	1,420	-	-	681,232	1,420
Conversion from Class B Shares to Subordinate Shares	168	-	(168)	-	-	-
Outstanding December 31, 2010	67,545,747	\$ 265,249	3,119,269	\$ 8,165	70,665,016	\$ 273,414

Normal Course Issuer Bid

On March 30, 2010, the Company received regulatory approval to continue its normal course issuer bid from April 1, 2010 to March 31, 2011. Subject to certain conditions, the Company may purchase up to a maximum of 5,411,197 Subordinate Shares pursuant to these arrangements, representing approximately 10% of its public float.

During 2010, the Company purchased 4,350,400 Subordinate Shares (2009 – 260,700 Subordinate Shares), having an aggregate stated capital value of \$17,353,000 (2009 – \$1,041,000), for cancellation pursuant to these arrangements. The Company paid \$57,914,000 (2009 – \$1,055,000) to retire these shares. The excess of the purchase price over the value of stated capital, which totalled \$40,561,000 (2009 – \$14,000), was recorded as a reduction in retained earnings.

Share Purchase Plan

As part of its share incentive arrangements (note 20), the Company established a share purchase plan pursuant to which eligible participants may contribute up to a specified maximum amount of their basic annual salary towards the purchase of Subordinate Shares of the Company, either from treasury or in the open market, at the discretion of the Company. The Company may match up to the full amount of each participant's contribution to the share purchase plan, such contribution to be used either to purchase Subordinate Shares in the open market or to issue additional Subordinate Shares from treasury for the benefit of the participant.

During 2010, the Company issued 10,221 (2009 – 25,087) Subordinate Shares from treasury pursuant to the share purchase plan. In addition, 55,962 (2009 – 49,868) Subordinate Shares were acquired in the market pursuant to these arrangements.

Compensation expense associated with the share purchase plan during 2010 was \$459,000 (2009 – \$286,000).

18. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Net unrealized gains (loss), net of taxes						Total
	Available- for-Sale Securities	Equity Accounted Investments	Foreign Currency Translation	Non- controlling Interest	Discontinued Operations		
Balance at December 31, 2008	\$ (13,945)	\$ (3,043)	\$ 2,180	\$ (1,157)	\$ (7,218)	\$ (23,183)	
Transactions during the year ended December 31, 2009							
Other comprehensive income (loss)	33,650	(1,978)	(4,232)	1,195	22,966	51,601	
Balance at December 31, 2009	19,705	(5,021)	(2,052)	38	15,748	28,418	
Transactions during the year ended December 31, 2010							
Other comprehensive income (loss)	46,066	9,405	(1,056)	470	1,404	56,289	
Balance at December 31, 2010	\$ 65,771	\$ 4,384	\$ (3,108)	\$ 508	\$ 17,152	\$ 84,707	

19. INVESTMENT INCOME

<i>For the year ended December 31,</i>	2010	2009
Interest, dividends, and cash distributions	\$ 6,044	\$ 8,053
Realized investment gains from AFS securities	29,413	7,460
Realized investment gains from equity accounted investments	75	-
Other realized investment gains	485	-
Reinvested distributions from mutual fund investments	2,097	1,050
	\$ 38,114	\$ 16,563

20. SHARE INCENTIVE PLAN ARRANGEMENTS

The Company has established a share incentive plan (the "Plan") for its employees, officers and directors. The Plan includes a share purchase plan component (note 17), a share bonus plan component and a share option plan component. In March 2010, the Board of Directors of the Company approved an amendment to the Plan to combine the maximum number of Subordinate Shares issuable pursuant to each component of the Plan to an aggregate limit for the Plan as a whole. This amendment permits the Board of Directors to allocate the full number of Subordinate Shares remaining available for issuance under the Plan to any one component of the Plan, at its discretion.

At December 31, 2010, the aggregate maximum number of Subordinate Shares available under the Plan was 15,480,000 of which 6,822,526 were issued, 1,533,000 are issuable pursuant to awards that have been granted and remain outstanding and 7,124,474 remain available for issuance under the Plan.

The Company has also established a deferred share unit (“DSU”) plan pursuant to which the Compensation Committee of the Board of Directors may issue discretionary awards to eligible participants based on certain criteria, including services performed or to be performed. At December 31, 2010, the aggregate maximum number of Subordinate Shares available under the DSU plan is 1,500,000, of which 11,379 have been issued, 863,516 are issuable pursuant to awards that have been granted and 625,105 remain available for issuance under the DSU plan. Deferred share units are redeemable when a participant is no longer a director, officer or employee of the Company or any of its subsidiaries by a one time payment to the participant, based on the value of the underlying Subordinate Shares at that time.

Share Based Compensation

During 2010, the Company recognized share based compensation expense of \$2,190,000 (2009 - \$1,207,000) related to share incentive arrangements, before similar arrangements of its subsidiaries as described below.

	2010	2009
Share option plan	\$ 1,083	\$ 637
Deferred share unit plan	1,107	570
	\$ 2,190	\$ 1,207

Share Option Plan

Under the terms of the Company’s share option plan, the Company may issue options to eligible participants to purchase Subordinate Shares from treasury. The exercise price per option may not be less than the closing price of the Subordinate Shares as quoted on the TSX or such other stock exchange, as applicable, on the last trading day immediately preceding the day the options are granted. Options granted prior to January 1, 2004 become exercisable as to 33 1/3% of the Subordinate Shares on the first three anniversary dates following the date of grant and will expire 10 years thereafter. Options granted after December 31, 2003 become exercisable as to 20% of the Subordinate Shares on the first five anniversary dates following the date of grant and will expire five and a half years thereafter.

There were no share option awards granted in 2010. On August 12 and 13, 2009, the Company granted 1,290,000 and 25,000 options, respectively, with a fair value per option of \$4.04 and \$4.16. The fair value of the options granted was estimated at the grant date using an option-pricing model with the following assumptions:

Risk-free interest rate	2.9%
Expected volatility	46.6%
Expected life of the options	5.5 years

A summary of the status of the Company’s share option plan as at December 31, 2010 and 2009, and the changes during the years then ended, is as follows:

	2010		2009	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	2,449,612	\$7.33	3,559,644	\$6.63
Granted	-	-	1,315,000	\$9.41
Exercised	(916,612)	\$4.99	(1,725,000)	\$8.49
Cancelled	-	-	(700,032)	\$4.83
Outstanding, end of year	1,533,000	\$8.72	2,449,612	\$7.33
Exercisable options	481,000	\$7.22	1,134,612	\$4.91

Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life (Years)	Options Exercisable
Options issued with an exercise price of \$4.38	120,000	0.89	120,000
Options issued with an exercise price of \$5.13	105,000	1.28	105,000
Options issued with an exercise price of \$9.40	1,283,000	4.12	251,000
Options issued with an exercise price of \$9.67	25,000	4.12	5,000

Share Bonus Plan

The Company's share bonus plan permits Subordinate Shares of the Company to be issued from treasury or purchased in the market as a discretionary bonus to eligible participants from time to time pursuant to the terms of the Plan. There were no shares issued or awards granted under the terms of the share bonus plan during 2010 or 2009.

Deferred Share Unit Plan

During 2010, the Company issued 73,817 (2009 – 73,740) DSUs to certain directors of the Company. Each unit entitles the holder to a Subordinate Share on retirement. During 2010, the Company recognized compensation expense of \$1,107,000 (2009 – \$570,000) in respect of the DSU plan.

Share Option Plan of Eurogas

Eurogas has established a share incentive plan for its directors, officers and employees. As at December 31, 2010, Eurogas had granted 6,125,000 (2009 – 3,985,000) options at a weighted average exercise price of \$0.98 (2009 – \$1.26) of which 3,981,666 share options were exercisable at December 31, 2010 (2009 – 3,918,333). Eurogas also has a deferred share unit plan pursuant to which 355,000 awards have been issued as at December 31, 2010 (2009 – 355,000).

During 2010, compensation expense of \$632,000 (2009 – \$333,000) was recognized in respect of Eurogas' share option arrangements and deferred share unit arrangements.

Share Based Compensation of Dundee Realty

In 2006, the non-controlling shareholder of Dundee Realty was granted options through the issuance of a class of Dundee Realty shares that enabled the non-controlling shareholder to acquire a 30% interest in Dundee Realty at an aggregate cost of \$10,698,000. The options were issued with a six-year vesting period commencing in 2006 and were subject to the non-controlling shareholder remaining an employee of Dundee Realty. During 2010, the Company agreed to permit the acceleration of the option arrangement and the non-controlling shareholder exercised all outstanding options, increasing the non-controlling shareholder's interest to 30%.

Dundee Realty recognized share based compensation expense of \$75,000 (2009 – \$103,000) in respect of these option arrangements.

21. INCOME TAXES

Significant components of the Company's future income tax assets and liabilities as at December 31, 2010 and 2009 are as follows:

	2010	2009
Future income tax assets		
Tax loss carry forwards	\$ 49,149	\$ 39,916
Capital assets	1,202	1,083
Investment management contracts	1,564	1,564
Non-deductible reserves	813	813
Accrued liabilities	1,414	453
Other	6,429	4,326
	60,571	48,155
Valuation allowance	(4,731)	(4,640)
Total future income tax assets	55,840	43,515
Future income tax liabilities		
Available-for-sale securities and equity accounted investments	34,134	4,564
Real estate assets	26,986	5,527
Other	13,797	22,597
Total future income tax liabilities	74,917	32,688
Net future income tax (liabilities) assets	\$ (19,077)	\$ 10,827

The future income tax assets arise from available income tax loss carry forwards from current and prior years and future income tax deductions. A valuation allowance is recorded in respect of the total future income tax assets when management believes it is more likely than not that some or all of the future income tax assets will not be realized. After consideration of estimated future taxable income, the nature of the future income tax assets and potential tax planning strategies, at December 31, 2010, the Company determined that a valuation allowance of \$4,731,000 (2009 - \$4,640,000) is appropriate.

The Company's income tax provision differs from the amount that would be computed by applying the combined Canadian federal and provincial statutory income tax rate to pre-tax earnings as a result of the following:

	2010	2009
Anticipated income tax expense based on a combined Canadian federal and provincial statutory income tax rate of 31% (2009 - 33%)	\$ 78,207	\$ 27,847
Non-deductible expenses	3,519	4,879
Non-taxable revenue	(8,988)	(1,390)
Non-taxable dilution loss (gain)	875	(410)
Remeasurement of future income taxes	(2,526)	(5,318)
Changes in substantively enacted tax rates	-	6,377
Net income tax benefits not previously recognized	(7,839)	(11,834)
Change in valuation allowance	(1,490)	(103)
Other	(564)	(1,296)
Income tax expense	\$ 61,194	\$ 18,752

In accordance with generally accepted accounting principles, the Company's future income tax provision from continuing operations includes an amount in respect of the earnings generated by the capital markets activities conducted by DundeeWealth prior to settlement of the Offer (note 2). The associated income tax liabilities are the responsibility of DundeeWealth and have been included in liabilities of discontinued operations held for sale.

As at December 31, 2010, the Company and its subsidiaries had operating loss carry forwards of \$188,950,000 (2009 - \$155,255,000). A summary of the operating loss carry forwards by year of expiry is as follows:

Year of Expiry:	
2011	\$ 5,034
2012	-
2013	-
2014	41
2015	800
Thereafter	148,979
	154,854
Taxable capital loss	34,096
	\$ 188,950

22. NET EARNINGS PER SHARE

(in thousands of Canadian dollars, except weighted average number of shares outstanding and per share amounts)

<i>For the years ended December 31,</i>	2010	2009
Net earnings	\$ 193,320	\$ 62,451
Less: dividends on Preference shares, series 2	(8,775)	(2,571)
	\$ 184,545	\$ 59,880
Represented by:		
Continuing operations	143,908	42,855
Discontinued operations	40,637	17,025
Weighted average number of shares outstanding during the year	72,280,577	74,261,458
Basic earnings per share		
Continuing operations	\$ 1.99	\$ 0.58
Discontinued operations	0.56	0.23
	\$ 2.55	\$ 0.81
Effect of dilutive securities on available net earnings		
Continuing operations	\$ -	\$ -
Discontinued operations	(2,584)	(1,240)
Effect of dilutive securities on weighted average number of shares outstanding during the year	1,724,967	2,359,499
Diluted earnings per share		
Continuing operations	\$ 1.94	\$ 0.56
Discontinued operations	0.52	0.21
	\$ 2.46	\$ 0.77

23. FINANCIAL INSTRUMENTS

FAIR VALUE

The Company's financial instruments are recorded in the consolidated balance sheets at carrying values that are representative of, or approximate their fair value, with the exception of the Company's Preference shares, series 1 which, at December 31, 2010 had a fair value of \$150,600,000 (2009 - \$129,900,000) compared with their carrying value of \$148,072,000 (2009 - \$147,722,000).

Fair Value Methods

Fair values of financial instruments are generally determined based on market prices or, where market prices are not readily available, on quoted market prices for similar securities or other third party evidence. Equity securities that do not have a quoted market price are carried at cost. The estimated fair values of commodity-based risk management contracts are based on market prices quoted from major commodity exchanges.

Fair Value Hierarchy

Fair value measurements recognized in the consolidated balance sheets are categorized using a fair value hierarchy that reflects the significance of inputs used in determining fair values:

- Level 1 Inputs – include quoted prices (unadjusted) in active markets for identical assets or liabilities;
- Level 2 Inputs – include inputs to the valuation methodology of other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly; and
- Level 3 Inputs – include inputs that are not based on observable market data and that are significant to the fair value measurement. These unobservable inputs reflect the Company's own assumptions about the assumptions that a market participant would use in estimating fair value of the financial instrument.

Each type of fair value is categorized based on the lowest level input that is significant to the fair value measurement in its entirety. The fair value hierarchy of financial instruments, which are measured at fair value in the consolidated balance sheets, is as follows:

	Level 1	Level 2	Level 3	2010 Total	Level 1	Level 2	Level 3	2009 Total
Financial Assets								
Trading securities owned								
Bonds	\$ -	\$ 100,333	\$ -	\$ 100,333	\$ -	\$ 115,577	\$ -	\$ 115,577
Equities and convertible debentures	76,877	-	-	76,877	65,513	-	-	65,513
Available-for-sale securities								
Publicly traded securities	156,556	-	-	156,556	82,097	-	-	82,097
Private investments	-	16,456	-	16,456	-	8,726	-	8,726
Mutual funds and other short term investments	17,939	-	-	17,939	15,123	-	-	15,123
Debt	-	7,531	-	7,531	-	15,877	-	15,877
Other assets	-	1,224	-	1,224	-	43	-	43
Financial Liabilities								
Trading securities sold short								
Bonds	-	(18,205)	-	(18,205)	-	(22,718)	-	(22,718)
Equities and convertible debentures	(1,041)	-	-	(1,041)	(409)	-	-	(409)
Other liabilities - risk management contracts	-	(453)	-	(453)	-	-	-	-

There were no financial instruments included in level 3 of the fair value hierarchy at December 31, 2010 and 2009.

RISK MANAGEMENT

A summary of the Company's risk exposures as they relate to financial instruments is provided below.

Market Risk

Market risk is the risk that a material loss may arise from fluctuations in the fair value of a financial instrument. For purposes of this disclosure, the Company segregates market risk into three categories: fair value risk including changes in the fair values of commodities, interest rate risk and currency risk.

Fair Value Risk

Fair value risk is the potential for loss from an adverse movement, excluding movements relating to changes in interest rates and foreign exchange currency rates, because of changes in market prices. The following table illustrates the effect to net earnings and OCI, before associated income taxes and non-controlling interest, of a 3% absolute change in the fair value of the Company's trading portfolio and portfolio of AFS securities.

	2010		2009	
	Effect on		Effect on	
	Net earnings	OCI	Net earnings	OCI
Trading securities owned, net of trading securities sold short	\$ 4,187	\$ n/a	\$ 3,952	\$ n/a
Available-for-sale securities	n/a	5,954	n/a	3,655

Risk Management Contracts - Commodities

In 2010, Eurogas entered into certain risk management contracts as identified below:

Contract	Volume	Pricing Point	Strike Price CDNS/bbl	Term
Fixed Price Swap	100 bbl/day	NYMEX	\$89.29	Dec 1/10 to Dec 31/11
Fixed Price Swap	100 bbl/day	NYMEX	\$89.60	Dec 1/10 to Dec 31/11
Fixed Price Swap	100 bbl/day	NYMEX	\$90.00	Dec 1/10 to Dec 31/11

Assuming a \$1.00 change to the price of crude oil per barrel, the fair value of these crude oil contracts would have impacted 2010 earnings before taxes by \$109,000. Eurogas' financial instruments are not directly impacted by changes in natural gas prices. The results of this sensitivity analysis should not be considered predictive of future performance. Changes in the fair value of the derivative crude oil contracts cannot generally be extrapolated because the relationship of changes in certain variables to changes in fair value may not be linear.

Interest Rate Risk

Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company does not measure the effects of interest rate risk on its AFS securities in isolation.

In addition, the Company is exposed to interest rate risk on its variable rate corporate debt and on client account margin loans and credit balances. To a lesser extent, the Company is also exposed to interest rate risk on cash and cash equivalents and on amounts related to securities borrowing activities.

The following table illustrates the effect to net earnings, before associated income taxes and non-controlling interest, of a 50 basis point absolute change in market interest rates to these items.

	Effect on Net Earnings	
	2010	2009
Variable rate corporate debt	\$ 755	\$ 1,059
Client account margin loans and credit balances	322	428

Interest on real estate debt that is being used to finance land and housing activities is capitalized to the cost of inventory. A 50 basis point absolute change in market interest rates would change the carrying value of inventory by \$144,000 (2009 - \$318,000).

Currency Risk

The Company is exposed to foreign exchange transaction and translation risk due to the volatility of foreign exchange rates, primarily arising on its U.S. dollar and Euro denominated investments, as well as on its corporate borrowings, to the extent that such borrowings were drawn in a foreign currency.

Dundee Capital Markets' brokerage subsidiary enters into forward foreign exchange contracts to manage currency risk on pending securities settlements in currencies other than the Canadian dollar. At December 31, 2010, the notional value of outstanding forward foreign exchange contracts was \$171,337,000 (2009 - \$193,089,000). Given the short-term nature of these foreign exchange contracts, any changes in fair value stemming from reasonably possible changes in foreign exchange rates would have a nominal effect on net earnings.

Dundee Realty holds a 20% working interest in a project that entered into a foreign exchange forward contract to purchase a total of US\$67.3 million at specific dates, which commenced on September 2, 2008 and ended on February 1, 2010. While outstanding, the foreign exchange forward contract hedged the real estate segment's exposure to foreign currency risk related to its future funding obligations for certain capital projects. As the foreign exchange forward contract was settled in 2010, Dundee Realty's associated exposure to currency risk was not significant.

Eurogas is exposed to the risk of changes in the Canadian to U.S. dollar exchange rate on sales of natural gas. A 3% change in the foreign exchange translation rate of Canadian to U.S. dollars would result in a change to net earnings of approximately \$283,000 (2009 - \$nil), before associated income taxes.

Eurogas also has foreign exchange exposure to the Euro through a loan receivable, which is denominated in Euros, and through its investment in Escal. A 3% change in the foreign exchange translation rate of Euros to Canadian dollars relating to the loan receivable would result in a change to net earnings of approximately \$17,000 (2009 - \$90,000), before associated income taxes.

Eurogas' equity investment in Escal is considered a self-sustaining operation and the current method is used for translating the results of its operations, with unrealized foreign currency translation adjustments included in OCI. A 3% change in the foreign exchange translation rate of Euros to Canadian dollars would change the value of Eurogas' equity investment in Escal by approximately \$48,000 (2009 - \$81,000), with the unrealized foreign exchange amount recognized in OCI.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

One of the primary sources of credit risk to Dundee Capital Markets arises when it extends credit to clients to purchase securities by way of margin lending. Dundee Capital Markets faces a risk of financial loss in the event a client fails to meet a margin call if market prices for securities held as collateral decline and if Dundee Capital Markets is unable to recover sufficient value from the collateral held. Amounts loaned to any client are limited by Dundee Capital Markets' credit limits, which are generally more restrictive than those required by applicable regulatory policies. To minimize the financial risks associated with client margin activities, Dundee Capital Markets applies certain credit standards, conducts ongoing financial reviews with respect to clients and monitors credit exposure to individual counterparties on an ongoing basis.

Dundee Capital Markets manages its credit risk in certain types of trading activities through the establishment of aggregate limits by individual counterparty, reviewing security and loan concentrations and marking-to-market collateral provided on certain transactions. Historically, Dundee Capital Markets has not incurred any material loss arising from a counterparty default.

Dundee Realty's assets consist of land and housing inventory and rental properties. Credit risk arises from the possibility that builders who purchased land and housing inventory from Dundee Realty may not fulfill their contractual obligations to repay the outstanding amounts. Dundee Realty mitigates its credit risk by requiring graduated deposits from buyers and by withholding real estate titles until final payments are received. Credit risk is also mitigated by dealing only with builders and buyers that Dundee Realty considers have secure financial standing, and by diversifying the mix of builders and markets.

Credit risk also arises from the possibility that tenants in rental properties may not fulfill their lease or contractual obligations. Dundee Realty mitigates this credit risk by attracting tenants of sound financial standing and by diversifying its mix of tenants. It also monitors tenant payment patterns and discusses potential tenant issues with property managers on a regular basis.

Eurogas' accounts receivable are with customers and joint venture partners in the oil and natural gas business and are subject to normal market risks. Eurogas generated the majority of its revenue since the acquisition of the oil and natural gas properties in southern Ontario, Canada (note 3) from four core customers, who individually accounted for 52%, 23%, 13% and 12% of total revenue.

Eurogas currently markets its production to customers with investment grade credit ratings. Otherwise, Eurogas may seek parental guarantees and/or letters of credit prior to transacting with such customers. All outstanding amounts receivable from oil and natural gas sales at December 31, 2010 were subsequently received.

Eurogas will also have amounts receivable from joint venture partners, representing amounts from other participants in the oil and natural gas sector. Collection of the outstanding balances may be dependent on industry factors such as commodity price fluctuations, escalating costs and the risk of unsuccessful drilling. Eurogas attempts to mitigate the risk from joint venture receivables by obtaining pre-approval of significant capital expenditures. Where Eurogas is the operator of properties, it has the ability to withhold production from joint venture partners in the event of non-payment.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk through the management of its capital structure and financial leverage.

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2010.

	Carrying Amount	Contractual Term to Maturity
Accounts payable and accrued liabilities	\$ 256,989	Typically due within 20 to 90 days
Client deposits and related liabilities (note 12)	488,078	Due on demand
Corporate debt (note 14)	267,434	Subject to term facilities
Preference shares, series 1 (note 16)	148,072	Retractable by the holder after June 30, 2016
Total	\$ 1,160,573	

Real estate debt included in the Company's real estate segment creates specific liquidity risk. Dundee Realty uses various debt and equity ratios to monitor its capital adequacy and debt requirements including interest coverage, minimum net worth, debt average term to maturity and the ratio of variable debt to aggregate debt. These ratios assist Dundee Realty in assessing the debt level maintained by the Company in order to ensure adequate cash flows for real estate development. Dundee Realty manages maturities of outstanding debt by matching them to project closing dates, and it monitors the repayment dates to ensure sufficient capital will be available to cover obligations.

Principal Repayments	Mortgages	Demand Revolving Credit Facilities	Land Mortgages	Housing Advances	Term Debt	TOTAL
2011	\$ 2,079	\$ 86,000	\$ 750	\$ 43,169	\$ 2,425	\$ 134,423
2012	977	-	800	5,324	3,210	10,311
2013	1,009	-	143	10,122	1,386	12,660
2014	4,234	-	180	-	1,566	5,980
2015	540	-	-	-	4,812	5,352
2016 and thereafter	13,426	-	-	-	14,177	27,603
TOTAL	\$ 22,265	\$ 86,000	\$ 1,873	\$ 58,615	\$ 27,576	\$ 196,329
Adjusted for:						
Acquisition date fair value debt adjustment						(477)
Deferred financing						(207)
As at December 31, 2010						\$ 195,645

Market Risk in Assets under Management

The Company's AUM are exposed to various forms of market risk including, but not limited to fair value risk, interest rate risk and currency risk. These risks transfer to the Company through the generation of management fee revenues.

Equity Accounted Investments

The various risk factors discussed above may also impact the Company's equity accounted investments and therefore impact future net earnings and OCI. The Company, however, does not measure or monitor these risks in isolation.

24. CAPITAL MANAGEMENT

The Company defines the capital that it manages as the aggregate of its shareholders' equity and interest bearing debt, including outstanding preference shares. The following table summarizes the carrying value of the Company's capital as at December 31, 2010 and 2009.

Type of capital	2010	2009
Shareholders' equity	\$ 1,306,607	\$ 1,119,982
Corporate debt	267,434	190,068
Preference shares, series 1	148,072	147,722
	\$ 1,722,113	\$ 1,457,772

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

As at December 31, 2010 and 2009, the Company and its subsidiaries complied with all regulatory capital requirements and all debt covenants.

25. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

Commitments

Lease Commitments

The Company and its subsidiaries have operating and capital lease agreements for premises and equipment pursuant to which future minimum annual lease payments, exclusive of operating costs and realty taxes, are as follows:

2011	\$	3,809
2012		3,524
2013		3,527
2014		3,168
2015		2,648
Thereafter		16,692
	\$	33,368

Real Estate Commitments

Shareholders' Agreement in Respect of Dundee Realty

The Company has entered into a shareholders' agreement with the non-controlling shareholder of Dundee Realty pursuant to which the Company has agreed to repurchase the interest of the non-controlling shareholder in certain circumstances at its fair value at the time of purchase.

Land Purchase Agreements and Estimated Costs to Complete

Dundee Realty had commitments under land purchase agreements totalling \$12,237,000 as at December 31, 2010 (2009 - \$36,762,000) which will become payable in future periods upon the satisfaction of certain conditions pursuant to these agreements. Estimated costs to complete land and housing and condominium projects which have not been accrued at December 31, 2010 were \$3,859,000 (2009 - \$2,801,000).

Contingencies

Legal Contingencies

A subsidiary of Dundee Capital Markets was one of several underwriters in respect of a public offering of senior secured notes totalling approximately \$142 million, under a prospectus dated July 5, 2007. The subsidiary's participation was 12.5%. A number of entities that are note holders have issued a claim in which the underwriters have been named as defendants regarding note holders' security interest further to filing by the issuer under the Companies' Creditors Arrangement Act. To date, the claim has not been served on the subsidiary. The defences to this claim and the quantification of damages are yet to be determined and the amount of the loss, if any, cannot be determined at this time. However, the subsidiary intends to vigorously defend itself against this claim.

The Company and its subsidiaries are defendants in various legal actions. The Company intends to vigorously defend itself against these claims. Although the ultimate outcome of these matters cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, it is the opinion of management, based on information currently available, that these are not material liabilities, adequate provisions have been made for any liabilities and the resolution of these matters will not have a material adverse effect on the financial position of the Company.

Off-Balance Sheet Arrangements

Indemnification Agreements

In the normal course of business, the Company executes agreements that provide for indemnifications to third parties in transactions such as business combinations. The Company and its subsidiaries have also agreed to indemnify their respective directors and officers, to the extent permitted under corporate law, against costs and damages that may be incurred by these individuals as a result of lawsuits or any other proceedings in which they are sued as a result of their service. The nature of these agreements precludes the possibility of making a reasonable estimate of the maximum potential amount the Company 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 Company has not made any payments under such indemnification agreements. No amounts have been recorded in these consolidated financial statements with respect to these indemnifications.

Real Estate Arrangements

Guarantees Issued in the Normal Course of Business

Dundee Realty and its operating subsidiaries may become liable under guarantees that are issued in the normal course of business and with respect to litigation and claims that arise from time to time.

Letters of Credit and Security Bonds

Dundee Realty is contingently liable for letters of credit and security bonds that have been provided to support land developments in the amount of \$40,472,000 (2009 - \$39,254,000).

Joint Ventures and Co-ownerships

Dundee Realty may conduct its real estate activities from time to time through joint ventures with third party partners. The Company is contingently liable for the obligations of the other owners of the unincorporated joint ventures in the amount of \$40,331,000 as at December 31, 2010 (2009 - \$27,778,000). The Company would have available to it the other venturers' share of assets to satisfy the obligations that may arise.

As at and for the years ended December 31, 2010 and 2009, the Company's share of assets, liabilities, revenues and expenses of joint ventures in respect of real estate projects is illustrated in the table that follows.

	2010		2009	
	Total Joint Ventures	Proportionate Share	Total Joint Ventures	Proportionate Share
Assets	\$ 486,491	\$ 165,166	\$ 376,717	\$ 129,788
Liabilities	336,144	114,732	239,784	85,903
Revenues		\$ 75,872		\$ 29,305
Expenses		70,849		28,021
Operating income		\$ 5,023		\$ 1,284
Cash flows from operating activities		\$ 6,582		\$ 10,302
Cash flows from financing activities		3,692		23,193
Cash flows used in investing activities		(15,191)		(21,807)

Oil & Gas Commitments

Eurogas International Inc. ("EII"), a subsidiary of Eurogas, received approval from the Tunisian Hydrocarbon Committee for a two-year extension to its exploration rights and the associated permit, extending the primary term of the permit to December 8, 2011. EII is committed to drilling one new exploration well to a specified geological zone during the extension period. The actual cost for the exploration well will depend on the selection of the prospect and location. In the event that EII does not complete its work commitments as outlined in the terms of the extension, a compensatory payment of up to US\$5.4 million will be payable to the Tunisian regulatory bodies, less any amounts incurred in respect of the completion of its obligations.

EII is also required to complete certain abandonment and reclamation work during 2011. While the costs required to complete this work is dependent on the type of rig that will be used and on the costs of mobilizing and demobilizing the rig, EII estimates that its share of the aggregate costs will be approximately \$1.8 million. This liability has been included as an asset retirement obligation in these consolidated financial statements.

On January 18, 2011, EII announced that, together with its joint venture partner, it has declared a condition of Force Majeure with respect to its Tunisian project. EII and its joint venture partner believe that the current political uncertainty and civil unrest in Tunisia, which have resulted in the collapse of the government, a declaration of a state of emergency and serious civil disturbance, adversely affects their ability to continue their exploration and evaluation activities. EII believes that the declaration of a Force Majeure will allow the temporary suspension of activities, while the conditions resulting in the Force Majeure continue. It is anticipated that the Force Majeure declaration will result in an extension of the term of EII's exploration permit and development concession in Tunisia for a period of time equivalent to the time that activities were suspended as a result of the Force Majeure. Once the situation in Tunisia is resolved, EII and its joint venture partner will resume their exploration and evaluation activities.

26. SEGMENTED INFORMATION

The Company is a diversified asset management company with a core focus in the areas of real estate and resources. Asset management activities are supported by Dundee Capital Markets, which was created in December 2010 to carry on the capital markets activities previously conducted through DundeeWealth. The Company also manages its own diversified portfolio of investments.

Real Estate

The real estate segment consists of the business activities of Dundee Realty, a private company with operating activities in the land and housing business in Canada and the United States. These activities are supplemented by a portfolio of income generating properties. The Company's real estate segment also includes the results of its interest in Dundee REIT, which was 9% at December 31, 2010.

Resource

Activities in the resource segment are primarily carried out through Eurogas, an oil and gas company that carries on acquisition, exploration, development and production activities, as well as natural gas storage activities. Eurogas has interests in Ontario, Spain and Tunisia. The resource segment also includes the operating results of Nichromet, which the Company acquired in 2010, as well as activities related to the Company's interests in Dundee Precious, Breakwater, and other resource-based investments which are accounted for using the equity method.

Asset Management

The Company's asset management activities are carried out through NGIC, DREAM and through Dundee Resources. NGIC and DREAM provide sub-advisory and investment services to third party AUM. NGIC, together with Dundee Resources, also provides investment services in respect of the Company's portfolio of AFS securities. These investments include both publicly traded and private companies in a variety of sectors, as well as liquid securities such as mutual funds.

The asset management segment includes general corporate overhead costs, as well as interest and debt servicing costs, to the extent that such costs have not been specifically allocated to any other operating segment.

Capital Markets

Dundee Capital Markets' core activities consist of investment banking, institutional equity sales and trading and equity research. Dundee Capital Markets has aligned its principal focus into specific sector coverage including resources, real estate and infrastructure, diversified industries and special situations. The business of Dundee Capital Markets will be conducted through Dundee Securities Ltd., an entity incorporated to hold and operate the regulated brokerage business of Dundee Capital Markets following completion of the transaction as outlined in note 2 to these consolidated financial statements.

The capital markets segment is also the manager of certain flow-through resource limited partnership investment management products, including the CMP Resource Limited Partnerships and the Canada Dominion Resource Limited Partnerships.

Segmented Statements of Operations for the years ended December 31, 2010 and 2009

	Real Estate		Resource		Asset Management		Capital Markets		Intersegment		TOTAL	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
SEGMENTED OPERATIONS												
Revenues	\$ 464,354	\$ 231,696	\$ 16,833	\$ 1,521	\$ 89,360	\$ 45,867	\$ 177,590	\$ 131,982	\$ (24,261)	\$ (11,024)	\$ 723,876	\$ 400,042
Expenses	346,379	175,663	12,585	3,937	38,608	27,158	126,705	92,962	(21,589)	(6,675)	502,688	293,045
	117,975	56,033	4,248	(2,416)	50,752	18,709	50,885	39,020	(2,672)	(4,349)	221,188	106,997
Less:												
Depreciation, depletion and accretion	5,116	4,754	7,317	616	2,345	2,151	1,061	1,849	-	-	15,839	9,370
Interest expense	12,810	9,712	2,160	4	9,218	14,655	26	-	(2,672)	(4,349)	21,542	20,022
Share of (earnings) loss of equity accounted investments	(12,505)	1,211	(59,377)	(7,505)	-	-	-	-	-	-	(71,882)	(6,294)
Foreign exchange loss	-	-	408	413	177	345	-	-	-	-	585	758
EARNINGS BEFORE												
UNDERNOTED ITEMS	112,554	40,356	53,740	4,056	39,012	1,558	49,798	37,171	-	-	255,104	83,141
Non-controlling interest	(22,936)	(9,254)	2,261	1,659	-	-	(17,729)	(12,612)	-	-	(38,404)	(20,207)
NET EARNINGS BEFORE												
NON-SEGMENTED ITEMS	\$ 89,618	\$ 31,102	\$ 56,001	\$ 5,715	\$ 39,012	\$ 1,558	\$ 32,069	\$ 24,559	\$ -	\$ -	216,700	62,934
Discontinued operations, net of taxes and non-controlling interests											40,637	17,025
Dilution (loss) gain, net											(2,823)	1,244
Income taxes											(61,194)	(18,752)
NET EARNINGS FOR THE YEAR											\$ 193,320	\$ 62,451

Segmented Statements of Net Assets as at December 31, 2010 and 2009

	Real Estate		Resource		Asset Management		Capital Markets		Discontinued		Total	
	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009	2010	2009
Assets												
Cash	\$ 14,155	\$ 9,846	\$ 2,935	\$ 263	\$ 29,878	\$ 50,705	\$ 86,254	\$ 88,167	\$ -	\$ -	\$ 133,222	\$ 148,981
Available-for-sale securities	-	-	-	-	198,482	121,823	-	-	-	-	198,482	121,823
Equity accounted investments	90,197	84,156	178,847	74,807	-	-	-	-	-	-	269,044	158,963
Future income tax assets	-	(31,794)	-	18,103	-	20,697	-	3,821	-	-	-	10,827
Other assets	680,205	588,230	183,842	99,456	57,292	30,383	668,342	523,446	1,868,024	1,723,107	3,457,705	2,964,622
	\$ 784,557	\$ 650,438	\$ 365,624	\$ 192,629	\$ 285,652	\$ 223,608	\$ 754,596	\$ 615,434	\$ 1,868,024	\$ 1,723,107	\$ 4,058,453	\$ 3,405,216
Liabilities												
Corporate debt	\$ 195,645	\$ 180,841	\$ 62,371	\$ -	\$ 9,418	\$ 9,227	\$ -	\$ -	\$ -	\$ -	\$ 267,434	\$ 190,068
Preference shares, series 1	-	-	-	-	148,072	147,722	-	-	-	-	148,072	147,722
Future income tax liabilities	39,396	-	2,296	-	(18,910)	-	(3,705)	-	-	-	19,077	-
Other liabilities	162,521	91,479	23,478	2,841	29,359	15,933	587,126	493,939	765,492	675,381	1,567,976	1,279,573
	\$ 397,562	\$ 272,320	\$ 88,145	\$ 2,841	\$ 167,939	\$ 172,882	\$ 583,421	\$ 493,939	\$ 765,492	\$ 675,381	\$ 2,002,559	\$ 1,617,363
Net assets	\$ 386,995	\$ 378,118	\$ 277,479	\$ 189,788	\$ 117,713	\$ 50,726	\$ 171,175	\$ 121,495	\$ 1,102,532	\$ 1,047,726	\$ 2,055,894	\$ 1,787,853
Less: Non-controlling interest	(76,495)	(55,275)	(46,351)	(46,205)	-	-	(88,624)	(62,902)	(537,817)	(503,489)	(749,287)	(667,871)
NET ASSETS ATTRIBUTABLE TO THE COMPANY	\$ 310,500	\$ 322,843	\$ 231,128	\$ 143,583	\$ 117,713	\$ 50,726	\$ 82,551	\$ 58,593	\$ 564,715	\$ 544,237	\$ 1,306,607	\$ 1,119,982

27. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, related party transactions and balances as at and for the years ended December 31, 2010 and 2009 are as described below.

Dundee Capital Markets

Dundee Capital Markets and its subsidiaries, in the course of their regular business activities, conduct routine transactions with the Company and with the Company's affiliates, including Scotiabank (note 2) and certain of the Company's equity accounted investments. Generally, transactions between Dundee Capital Markets, the Company and these related entities, are conducted on normal market terms and are recorded at their exchange value.

Financial Services Revenue

The Company may trade securities through registered brokers on behalf of its asset management clients and other discretionary client portfolios. These transactions may be conducted through Dundee Capital Markets' brokerage subsidiary in accordance with a negotiated discounted schedule. In addition, Dundee Capital Markets may facilitate the purchase and sale of foreign currencies on behalf of these clients.

Dundee Capital Markets may participate in corporate finance related activities, including financial advisory activities for the Company, its subsidiaries and affiliates, including equity accounted investments and fiduciary accounts managed by the Company.

Officers, directors and employees of the Company, its subsidiaries and other related parties may make use of the facilities of Dundee Capital Markets.

Real Estate

Transactions with Certain Officers of the Company

In 2005, and in accordance with employment arrangements made with a non-executive officer of Dundee Realty, Dundee Realty agreed to sell 4% of its interest, net of debt, in The Distillery Historic District to such officer at Dundee Realty's cost of approximately \$365,000 and agreed to permit such officer to participate to the extent of 10% in a loan made to certain co-owners of The Distillery Historic District. The balance of the loan at December 31, 2010 was \$nil.

Dundee Realty provided a loan to a non-executive officer. At December 31, 2010, the amount outstanding was \$423,000 (2009 - \$444,000). The loan accrues interest at 3% per annum, is subordinated to a third party lender to the officer and is secured by a deed of trust on a residential property.

Dundee Realty Asset Management Agreement

Effective August 24, 2007, Dundee Realty entered into an asset management agreement with Dundee REIT pursuant to which Dundee Realty provides certain asset management services to Dundee REIT and its subsidiaries. The asset management agreement provides for a broad range of asset management services, the remuneration for which includes: a base annual management fee, an incentive fee based on exceeding certain benchmarks relating to funds from operations and certain other fees as defined in the agreement. In addition, Dundee Realty has an administration services agreement with Dundee REIT pursuant to which Dundee REIT provides certain administration services to Dundee Realty and its subsidiaries. For the year ended December 31, 2010, Dundee Realty received fees on a net basis of \$10,020,000 (2009 - \$4,149,000).

Discontinued Operations of DundeeWealth

DundeeWealth continues to provide administrative services related to Dundee Bank of Canada, a wholly owned subsidiary of Scotiabank, pursuant to a white-label agreement between DundeeWealth and Scotiabank. During 2010, DundeeWealth earned fees of \$10,588,000 (2009 - \$8,954,000) in respect of these arrangements.

Management Fee Revenues

During 2010, the Company received management fees, including performance fees of \$9,335,000 (2009 - \$3,932,000) from DundeeWealth in consideration for sub-advisory services provided by the Company. Amounts receivable in respect of these services are included in accounts receivable.

Financial Services Revenue

DundeeWealth's investment management subsidiary trades securities through registered brokers on behalf of its mutual fund clients. These transactions may be conducted through Dundee Capital Markets. In addition, Dundee Capital Markets may facilitate the purchase and sale of foreign currencies on behalf of these clients.

Dundee Capital Markets may participate in corporate finance related activities, including financial advisory activities for DundeeWealth and for fiduciary accounts managed by DundeeWealth.

Officers, directors and employees of DundeeWealth, its subsidiaries and other related parties may make use of the facilities of Dundee Capital Markets.

Investments in Assets Managed by Subsidiaries of DundeeWealth

As at December 31, 2010, the Company did not have any mutual funds or other investments managed by DundeeWealth. In 2009, the Company had AFS securities with a carrying value of \$11,937,000 managed by DundeeWealth.

28. FUTURE ACCOUNTING DEVELOPMENTS

In February 2008, the Accounting Standards Board affirmed that Canadian GAAP for publicly accountable enterprises will be converged with International Financial Reporting Standards ("IFRS") effective in calendar year 2011. The implementation of IFRS will apply to the Company's interim and annual consolidated financial statements beginning on January 1, 2011, including the restatement of comparative amounts for 2010. As a result, the Company will publish its first consolidated financial statements prepared in accordance with IFRS for the quarter ended March 31, 2011.

While IFRS standards are premised on a conceptual framework similar to Canadian GAAP, there are differences in the areas of recognition, measurement and disclosure that may materially impact the Company's consolidated financial statements. The transition to IFRS represents a significant initiative by the Company and as such, the Company established an IFRS implementation committee with a mandate to oversee the conversion process. The Company has completed an assessment to identify the key accounting differences between Canadian GAAP and IFRS. Based on existing IFRS standards, significant differences to Canadian GAAP that may materially impact the Company's financial results include, but are not limited to the fair value determination and accounting for investment properties, business combinations and principles of consolidation, accounting for oil and gas activities, including exploration and evaluation activities, the determination of asset retirement obligations (referred to as decommissioning liabilities pursuant to IFRS), measurement of contingencies, income taxes, and impairment of assets.