



**DUNDEE
CORPORATION**

2011 THIRD QUARTER REPORT

DUNDEE CORPORATION

Management's Discussion and Analysis

Dundee Corporation (the "Company" or "Dundee Corporation") is an independent publicly traded Canadian asset management company. The Company's asset management activities are focused in the areas of its core competencies and include real estate and infrastructure, as well as energy and resources. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol "DC.A".

Asset management activities are carried out by Ned Goodman Investment Counsel Limited ("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. The asset management activities of NGIC and DREAM are supported by the Company's 49% 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") (see "*Divestment of DundeeWealth and Discontinued Operations*"). Dundee Capital Markets is also the asset manager of the Company's flow-through limited partnership business including the CMP Resource Limited Partnerships, the Canada Dominion Resources Limited Partnership and CMP Gold Trust.

Dundee Corporation also owns and manages direct investments in these core focus areas, through ownership of both publicly listed and private companies. Real estate operations are carried out through the Company's investment in Dundee Realty, an owner and developer of residential and recreational properties in North America. Real estate operations are complemented by a 29% interest in Dundee International Real Estate Investment Trust ("Dundee International REIT"), an unincorporated open-ended real estate development trust that invests in commercial property exclusively outside of Canada, as well as an 8% interest in Dundee Real Estate Investment Trust ("Dundee REIT"), a Canadian real estate investment trust. Energy and resource operations include the Company's 57% investment in Dundee Energy Limited ("Dundee Energy") (formerly Eurogas Corporation), an oil and natural gas company with a mandate to create long-term value through the development of high impact energy projects, as well as several other resource investments that are accounted for using the equity method.

This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of November 14, 2011 and provides an update on matters discussed in, and should be read in conjunction with the audited annual consolidated financial statements of the Company, including the notes thereto, as at and for the year ended December 31, 2010, which were prepared in accordance with Canadian GAAP (the "2010 Audited Consolidated Financial Statements") and the unaudited interim consolidated financial statements as at and for the three and nine months ended September 30, 2011 (the "September 2011 Interim Consolidated Financial Statements"). All amounts contained within this MD&A are in Canadian dollars, unless otherwise specified. The financial data discussed in this MD&A, including financial data relating to comparative periods in the prior year, has been prepared in accordance with International Financial Reporting Standards ("IFRS"), unless otherwise specified. Tabular dollar amounts, unless otherwise specified, are in thousands of dollars or thousands of units of measurement, except for per unit amounts.

BASIS OF PRESENTATION

The ownership structure of the Company's direct investments is significantly diverse. These variations in ownership structure often result in differences in the method of accounting for such investments. Generally, the Company's investments are accounted for using one of the following methods:

- **Subsidiaries** include those direct investments over which the Company has the authority to govern the financial and operating policies of the investment, generally through ownership of 50% or more of voting control. Subsidiaries are not recorded as individual investments in the Company's consolidated financial statements. Instead, subsidiaries are

consolidated, with 100% of the subsidiaries' accounts recorded on a line-by-line basis within the Company's consolidated statements of financial position and consolidated statements of operations. The subsidiaries' accounts are then subject to non-controlling interest.

- **Equity accounted investments** include those investments over which the Company may exert significant influence, but not control, over financial and operating policy decisions of the investment. The carrying values of equity accounted investments are initially recorded at cost and are subsequently adjusted by the Company's share of earnings or losses in the investment, and by any dilution in its ownership interest. Dividends received from an equity accounted investment are applied to reduce the carrying value of that investment. The share of earnings or losses from equity accounted investments, as well as any gain or loss resulting from a dilution in ownership interest, is reported in the consolidated statements of operations as "Share of earnings from equity accounted investments".
- **Securities owned and securities sold short** are those direct investments that are held for trading in the short term, generally through the brokerage operations of Dundee Capital Markets. These direct investments are carried on the Company's consolidated statements of financial position at their fair value, with changes in their fair values included in the Company's net earnings.
- **Available-for-sale ("AFS") securities** include all other direct investments held by the Company. Similar to securities owned and sold short, AFS securities are carried on the Company's consolidated statements of financial position at their fair value. However, changes in their fair values are temporarily included in other comprehensive income ("OCI") until the direct investment is sold or becomes impaired, at which point cumulative amounts previously included in OCI are transferred to net earnings.

The following table summarizes the Company's significant direct investments, including the Company's percentage ownership interest, the accounting treatment used to account for each direct investment, the carrying value of the direct investment (other than for consolidated subsidiaries) and the market values for direct investments that are publicly listed securities, determined using quoted trading prices as at September 30, 2011.

Investment Holding	Accounting Treatment	(\$000's) Carrying Value	(\$000's) Market Value	30-Sep-11 Percentage Controlled	31-Dec-10 Percentage Controlled
<i>Real Estate Segment</i>					
Dundee Realty Corporation	Consolidation	n/a	Private	70%	70%
Dundee Real Estate Investment Trust	Equity	159,279	166,967	8%	9%
Dundee International Real Estate Investment Trust	Equity	120,075	124,160	29%	n/a
<i>Resource Segment</i>					
Dundee Energy Limited	Consolidation	n/a	60,594	57%	54%
Eurogas International Inc.	Consolidation	n/a	333	53%	53%
Nichromet Extraction Inc.	Consolidation	n/a	Private	69%	63%
Dundee Precious Metals Inc.	Equity	118,315	248,746	23%	23%
<i>Capital Markets Segment</i>					
Dundee Capital Markets Inc.	Consolidation	n/a	55,069	49%	48%

Performance Measures

(in alphabetical order)

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

- **“AUA” or “Assets under Administration”** represent the approximate period-end market value of client assets administered by Dundee Capital Markets’ brokerage subsidiary and in respect of which the subsidiary earns commissions, trailer service fees and administrative or other similar fees. AUA are not included in the Company’s consolidated statements of financial position.
- **“AUM” or “Assets under Management”** represent the period-end market value of client assets managed by the Company’s capital markets and asset management subsidiaries on a discretionary basis and in respect of which these subsidiaries earn investment management fees and, in certain cases, performance fees. AUM are not included in the Company’s consolidated statements of financial position.
- **“Barrel of Oil Equivalent”** or “boe” is calculated at a barrel of oil conversion ratio of six thousand cubic feet (“Mcf”) of natural gas to one barrel (“bbl”) of oil (6 Mcf to 1 bbl), based on an energy equivalency conversion method which is primarily applicable at the burner tip and does not always represent a value equivalency at the wellhead.
- **“Contribution Margin” or “Margins”** is an important measure of earnings in each business segment and generally represents core earnings before related selling, general and administrative expenses, interest, taxes and depreciation.
- **“Field Level Cash Flows”** is calculated as revenues from oil and natural gas sales, less royalties, and production expenditures. Field level cash flows contribute to the funding of the Company’s working capital, including debt management, as well as to capital expenditure requirements for these activities.
- **“Field Netbacks”** refers to field level cash flows expressed on a measurement unit or barrel of oil equivalent basis.
- **“Operating Earnings”** are set out in the consolidated statements of operations of the Company.
- **“Reserve Life Index”** is determined by dividing proved reserves by expected annual production. For greater certainty, the reserve life index includes only proved reserves and does not include probable or possible reserves.

IFRS Adoption

In 2010, the Handbook of the Canadian Institute of Chartered Accountants (“CICA Handbook”) was revised to incorporate IFRS, and required publicly accountable enterprises to apply such standards for the financial years beginning on or after January 1, 2011.

The Company’s September 2011 Interim Consolidated Financial Statements have been prepared in accordance with IFRS. The Company’s 2010 Audited Consolidated Financial Statements, and its interim consolidated financial statements as at and for the three and nine months ended September 30, 2010 (combined, the “Canadian Consolidated Financial Statements”), were prepared using Canadian GAAP. Included in Note 5 to the September 2011 Interim Consolidated Financial Statements is a detailed description of the differences between Canadian GAAP and IFRS, as they apply to the Company, as well as a reconciliation of the Canadian Consolidated Financial Statements to IFRS.

As part of its transition to IFRS, the Company completed an assessment of internal controls and information technology systems to ensure compliance with IFRS, both from a transaction processing level and for the purpose of financial reporting disclosure requirements. Changes to existing procedures were minor and consisted primarily of establishing processes for the more granular tracking of property, plant and equipment. This granular tracking will better facilitate application of the relevant IFRS, as well as presentation and disclosure of these items. The Company continues to assess amendments and updates to IFRS for purposes of preparing its 2011 audited annual consolidated financial statements as at and for the year ending December 31, 2011. In addition, the Company will be required to assess IFRS developments on an ongoing basis. Future changes to IFRS may significantly modify the Company’s financial and reporting disclosure requirements.

RECENT DEVELOPMENTS

Substantial Issuer Bid

On September 12, 2011, the Company launched a substantial issuer bid (the “Bid”) to purchase for cancellation up to 10 million of its Class A subordinate voting shares (“Subordinate Shares”) for \$23.75 per share. The Bid provided shareholders with an opportunity to realize on all or a part of their investment in the Company, should they desire liquidity, in quantities which might not otherwise be available in the market. The purchase price of \$23.75 per share represented a premium of approximately 15% over the September 9, 2011 closing price of the Subordinate Shares on the TSX, the last day the Subordinate Shares traded prior to the announcement of the Bid.

The Bid expired on October 19, 2011, with 12.6 million shares having been deposited and not withdrawn. The Company took up and paid for 10 million of the Subordinate Shares deposited on a pro rata basis, with the balance of 2.6 million Subordinate Shares having been returned to shareholders. The Subordinate Shares purchased under the Bid represented approximately 16.2% of the Subordinate Shares issued and outstanding as of October 19, 2011. After cancellation of the Subordinate Shares purchased pursuant to the Bid, there were approximately 51.7 million Subordinate Shares outstanding (see “*Other Consolidated Balances and Capital Structure – Share Capital*”).

The aggregate consideration paid for the 10 million shares purchased and cancelled was \$237.5 million. The Company funded the purchase price using working capital provided through its established credit facilities (see “*Other Consolidated Balances and Capital Structure – Corporate Debt*”) as well as the sale of certain of its AFS securities, including Scotiabank Preferred Shares (see “*Divestment of Dundee Wealth and Discontinued Operations*”).

Divestment of Breakwater Resources Ltd. (“Breakwater”)

The Company previously held a 22% interest in Breakwater, a mining, exploration and development company that produces zinc, copper, lead and gold concentrates from mines located in Canada, Chile and Honduras. On August 31, 2011, Nyrstar NV (“Nyrstar”), a global multi-metals company, successfully completed an all-cash offer to acquire all of the outstanding common shares of Breakwater. Under the terms of Nyrstar’s offer, shareholders of Breakwater received \$7.00 per common share and a special dividend of \$0.50 per common share, which was declared by Breakwater immediately prior to the sale to Nyrstar.

Dundee Corporation received cash of approximately \$155.0 million for the divestment of its interest in Breakwater to Nyrstar, including \$144.7 million from the direct sale of its common share holdings and a \$10.3 million special dividend. The Company realized a pre-tax gain of \$95.6 million from the divestment.

Initial Public Offering by Dundee International Real Estate Investment Trust

On August 3, 2011, Dundee International REIT completed its initial public offering of 27 million trust units at \$10.00 per unit and \$140 million 5.5% convertible unsecured subordinated debentures due July 31, 2018. On August 29, 2011, Dundee International REIT completed the issuance of an additional 4.1 million units at \$10.00 per unit and \$21.0 million 5.5% convertible unsecured subordinated debentures pursuant to the exercise by the underwriters of the over-allotment option with respect to the initial public offering. Both the trust units and convertible unsecured subordinated debentures are listed on the TSX and trade under the symbols “DI.UN” and “DI.DB”, respectively.

Current economic conditions and recent European debt concerns have had a significant impact on capital markets. Reflecting these concerns, in certain European countries, equity and other forms of real estate financing may not be as readily available for many potential buyers of real estate. This challenging financial environment has created attractive investment opportunities for well-capitalized buyers seeking to purchase quality real estate assets at attractive yields. Dundee International REIT, an unincorporated open-ended real estate development trust provides investors with an opportunity to gain exposure to commercial real estate outside of Canada. Originally founded by Dundee Realty, DREAM has been retained by Dundee International REIT to act as its asset manager.

Dundee International REIT has initially invested in a portfolio of properties consisting of 292 office, logistics and other commercial properties, with a residential component, comprising approximately 12.3 million square feet of commercial gross leasable area (“GLA”) located in Germany. Its portfolio of properties is currently 87% leased, with a weighted average remaining lease term of seven years. Approximately 75% of the GLA on these properties is currently leased to Deutsche Post, making Dundee International REIT the single largest landlord of Deutsche Post, providing central and strategically placed locations that are difficult to replace.

The Company has invested approximately \$120.4 million to acquire 12.8 million shares of Dundee International REIT, representing a 29% equity interest, including \$20.4 million invested directly by Dundee Realty. At September 30, 2011, the fair value of the Company’s interest in Dundee International REIT was \$124.2 million. In addition to its direct investment in trust units, and in support of Dundee International REIT’s execution of a term loan credit facility with a syndicate of European banks (which together with the proceeds from the initial public offering, were used by Dundee International REIT to finance the purchase of the German properties) (the “International REIT Credit Facility”), the Company has:

- agreed, together with Dundee Realty, that it will maintain an aggregate of at least \$120 million of equity in Dundee International REIT for a two-year period following closing of the initial public offering, and an aggregate of at least \$48 million from the end of the two-year period until the end of the term of the credit facility; and
- entered into a sub-participation agreement for €28.9 million (Cdn\$39.2 million) with a Canadian chartered bank (the “Canadian Bank”) in which the Company agreed to participate in the Canadian Bank’s participation in the International REIT Credit Facility. Under the terms of the sub-participation agreement with the Canadian Bank, the Company will be entitled to receive and recover from the Canadian Bank, as applicable, its proportionate share of all repayments of principal and interest paid to the Canadian Bank under the Canadian Bank’s entitlement in the International REIT Credit Facility.

Divestment of DundeeWealth and Discontinued Operations

On February 1, 2011, The Bank of Nova Scotia (“Scotiabank”) completed the acquisition of all of the issued and outstanding shares of DundeeWealth, other than DundeeWealth’s first preference shares, series 1, pursuant to an offer made by Scotiabank on November 22, 2010. The Company tendered all of its 69,940,415 common shares and 5,453,668 first preference shares, Series X of DundeeWealth pursuant to the offer.

As consideration therefore, the Company received 18,599,028 common shares of Scotiabank valued at \$1.0 billion and 14,897,209 \$25 3.70% 5-year rate reset preferred shares of Scotiabank (each a “Scotiabank Preferred Share”) valued at \$372.4 million. In addition, the Company received cash distributions of \$156.0 million and it received 74,484,956 common shares of Dundee Capital Markets pursuant to distributions made by DundeeWealth immediately prior to completion of the transaction as described above. During the nine months ended September 30, 2011, the Company sold 2.0 million Scotiabank Preferred Shares for net proceeds of \$48.5 million. At September 30, 2011, the remaining common shares of Scotiabank and the Scotiabank Preferred Shares still held by the Company had a cost of \$1.4 billion and a fair value of \$1.3 billion. Subsequent to September 30, 2011, the Company sold a further 7.0 million Scotiabank Preferred Shares at a price of \$24.75 per share, before associated transaction costs.

Concurrent with the Company’s divestment of DundeeWealth, Dundee Capital Markets entered into a shared services agreement and an introducing and carrying broker arrangement with DundeeWealth pursuant to which it will receive administrative and support services, as well as back-office and settlement services. These arrangements are expected to terminate before January 31, 2012. Dundee Capital Markets is in the process of assessing alternative arrangements for these services.

In connection with the Scotiabank offer to purchase DundeeWealth, each of the Company and Ned Goodman, the Company’s President and Chief Executive Officer, entered into a non-competition and non-solicitation agreement with Scotiabank which, among other things, restricts each of them for a period of three years, from competing in Canada, either directly or indirectly with the business of DundeeWealth acquired by Scotiabank.

The Company realized a gain of \$870.8 million on completion of its divestment of DundeeWealth, determined as follows:

	February 1, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	\$ 261,974	\$ 373,115
Accounts receivable	122,414	147,588
Client accounts receivable	292,277	124,829
Securities owned	23,801	31,022
Available-for-sale securities	141,203	160,722
Deferred sales commissions	263,579	261,645
Capital and other assets	68,038	41,556
Goodwill and other intangible assets	727,694	727,547
Assets of discontinued operations held for sale	\$ 1,900,980	\$ 1,868,024
LIABILITIES		
Accounts payable and accrued liabilities	\$ 350,982	\$ 151,932
Client deposits and related liabilities	294,947	142,475
Income taxes payable	20,245	15,581
Corporate debt	406,606	352,006
Deferred income tax liabilities	117,836	103,498
Liabilities of discontinued operations held for sale	\$ 1,190,616	\$ 765,492
Net assets of discontinued operations held for sale before non-controlling interest	710,364	1,102,532
Less: non-controlling interest	(288,891)	(537,817)
Net assets of discontinued operations held for sale	\$ 421,473	\$ 564,715
Proceeds Received at Divestment		
18,599,028 common shares of Scotiabank	\$ 1,046,528	
14,897,209 Scotiabank Preferred Shares	372,430	
Total proceeds	\$ 1,418,958	
Gain on Divestment		
Less: deferred income tax provision	(997,485)	
Realization of accumulated other comprehensive income	17,152	
	\$ 870,828	

OPERATING SEGMENTS

Dundee Corporation is a diversified asset management company with a core focus in the areas of real estate and infrastructure as well as energy and resources. Asset management activities are supported by activities in capital markets that are carried out through Dundee Capital Markets and its operating subsidiaries.

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 select income-producing properties. Also included in the real estate segment is the Company's 29% interest in Dundee International REIT and its 8% interest in Dundee REIT. Additional information regarding Dundee REIT and Dundee International REIT may be accessed at www.dundeereit.com and www.dundeeinternational.com respectively.

Resource

Operating activities in the resource segment are carried out through the Company's 57% interest in Dundee Energy (www.dundee-energy.com), a company involved in oil and gas production in Ontario and the development of a natural gas storage facility in Spain, and its 53% interest in Eurogas International Inc. ("EII") (www.eurogasinternational.com), a company which carries out oil and gas exploration and evaluation activities in Tunisia. The resource segment also includes the operating results of Nichromet Extraction Inc. ("Nichromet"), an exploration and development stage company. The Company's 23% interest in Dundee Precious Metals Inc. ("Dundee Precious") (www.dundeeprecious.com), which is accounted for on an equity basis, is also included in the resource segment.

Asset Management

The asset management segment includes the activities undertaken by NGIC and DREAM. At September 30, 2011, NGIC and DREAM provided sub-advisory and investment services to approximately \$8.3 billion of AUM. NGIC also provides investment services in respect of the Company's direct investments in AFS securities. These investments include both publicly traded and private companies in a variety of industry sectors, as well as liquid securities such as mutual funds. The asset management segment also includes general corporate overhead costs, as well as interest and debt servicing costs, to the extent that such costs have not been specifically allocated to any 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, complementing the core focus areas of the Company's asset management activities. The operations of Dundee Capital Markets are primarily conducted through Dundee Securities Ltd., a full service securities dealer. Dundee Capital Markets is also the manager of certain flow-through resource limited partnership investment management products carried out through the "CMP", "CDR" and "Canada Dominion Resources" brands.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF DUNDEE CORPORATION

<i>Three and nine months ended September 30,</i>	Three Months		Nine Months	
	2011	2010	2011	2010
Net earnings (loss) before income taxes from:				
Real estate segment	\$ 25,201	\$ 29,165	\$ 49,850	\$ 52,947
Resource segment	103,142	17,262	118,373	29,302
Asset management segment	(4,862)	(1,454)	5,691	25,963
Capital markets segment	(1,544)	9,939	8,055	20,959
	121,937	54,912	181,969	129,171
Income taxes	(29,977)	(11,435)	(47,998)	(34,134)
Discontinued operations:				
(Loss) earnings, net of taxes and non-controlling interest	-	9,391	(9,670)	34,973
Gain on sale of discontinued operations, net of taxes	-	-	870,828	-
Net earnings for the period	\$ 91,960	\$ 52,868	\$ 995,129	\$ 130,010

CONSOLIDATED RESULTS OF OPERATIONS

Consolidated Net Earnings

Net earnings during the nine months ended September 30, 2011 attributable to owners of the Company were \$985.0 million, representing approximately \$14.12 per share on a fully diluted basis. This compares to net earnings attributable to owners of the Company of \$114.3 million or \$1.43 per share on a fully diluted basis earned in the first nine months of the prior year. Net earnings in the current period include a gain of \$861.2 million from the Company's divestment of DundeeWealth, which has been included in the consolidated financial statements of the Company as discontinued operations. Net earnings from continuing operations, before non-controlling interest, were \$134.0 million and represent approximately \$1.69 per share on a fully diluted basis. Net earnings from continuing operations in the nine months ended September 30, 2011 include a pre-tax gain of \$95.6 million from the Company's sale of Breakwater, which was completed in the current quarter.

On a quarterly basis, consolidated net earnings attributable to owners of the Company were \$88.6 million representing earnings per share of approximately \$1.29 on a fully diluted basis. This compares with net earnings attributable to owners of the Company of \$42.9 million or \$0.56 per share on a fully diluted basis in the same period of the prior year. Earnings in the third quarter of the prior year include \$9.4 million from discontinued operations. Earnings in the third quarter of the current year include the pre-tax gain of \$95.6 million from the Company's sale of Breakwater, as discussed above.

A more detailed analysis of earnings on a segmented basis is provided under the section entitled "Segmented Results of Operations".

Available-for-Sale Securities

	Three Months ended 30-Sep-11	Nine Months ended 30-Sep-11
Fair value of available-for-sale securities, beginning of period	\$ 1,840,783	\$ 198,482
Transactions during the period ended September 30, 2011		
New investments	114,779	288,378
Interest in Scotiabank shares on divestment of DundeeWealth	-	1,418,958
Proceeds from sales of investments	(48,753)	(56,994)
Changes in fair values of AFS securities	(174,401)	(117,534)
Other transactions	(288)	830
Fair value of available-for-sale securities, September 30, 2011	\$ 1,732,120	\$ 1,732,120
Represented by:		
Resource-based investments		\$ 196,791
Other public investments		1,402,680
Private investments		125,206
Mutual funds		7,443
		\$ 1,732,120

During the third quarter, the Company invested \$114.8 million in the real estate, resource, and other industry sectors. Proceeds received from the sale of AFS securities during the third quarter of 2011 were \$48.8 million and include the disposition of approximately 2.0 million Scotiabank Preferred Shares. Subsequent to the quarter ended September 30, 2011, the Company sold a further 7.0 million Scotiabank Preferred Shares at a price of \$24.75 per share. At November 14, 2011, the Company's holdings in common shares of Scotiabank and in Scotiabank Preferred Shares had a cost of \$1.2 billion and a market value of \$1.1 billion.

The fair value of the Company's portfolio of AFS securities was \$1.7 billion at September 30, 2011. Global capital markets in the third quarter of 2011 were marked by the deterioration of economic indicators amidst an onslaught of negative economic news. Reflective of these market conditions, the fair value of the Company's AFS securities depreciated by \$174.4 million in the third quarter of this year, including depreciation of \$99.5 million related to the Company's shares of Scotiabank. Changes in fair values of AFS securities are generally recorded in OCI until such time as they are realized.

Equity Accounted Investments

	Three Months ended 30-Sep-11	Nine Months ended 30-Sep-11
Carrying value of equity accounted investments, beginning of period	\$ 329,044	\$ 289,709
Transactions during the period ended September 30, 2011		
Cash invested in equity accounted investments	137,304	159,718
Distributions received, net of reinvestments	(3,901)	(7,786)
Share of earnings from equity accounted investments	15,735	44,605
Share of other comprehensive loss from equity accounted investments	(1,594)	(9,278)
Dividends received	(10,335)	(10,335)
Disposition of Breakwater		
Proceeds	(144,685)	(144,685)
Gain on sale	95,561	95,561
Other	(72)	(452)
Carrying value of equity accounted investments, September 30, 2011	\$ 417,057	\$ 417,057

During the third quarter of 2011, the Company invested \$137.3 million in equity accounted investments, including \$120.4 million and \$13.2 million invested in Dundee International REIT and Dundee REIT, respectively. In addition, and prior to the Company's divestment of its interest in Breakwater pursuant to the Nyrstar offer, the Company exercised outstanding warrants to purchase shares of Breakwater at \$1.20 per common share at an aggregate cost of \$3.7 million.

Proceeds received on the divestment of Breakwater were \$144.7 million and, in addition, the Company received a special dividend of \$10.3 million immediately prior to the actual sale. Included in net earnings for the three months ended September 30, 2011 is a \$95.6 million pre-tax gain from this transaction.

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

The market value of equity accounted investments as at September 30, 2011 was \$557.9 million (December 31, 2010 - \$586.2 million).

Trade Symbol	Ref	Investment	September 30, 2011			December 31, 2010		
			Ownership	Carrying Value	Fair Value	Ownership	Carrying Value	Fair Value
DPM		Dundee Precious Metals Inc.	23%	\$ 118,315	\$ 248,746	23%	\$ 106,503	\$ 288,128
D.UN		Dundee Real Estate Investment Trust	8%	159,279	166,967	9%	125,877	134,505
DI.UN	1	Dundee International Real Estate Investment Trust	29%	120,075	124,160	-	-	-
BWR		Breakwater Resources Ltd.	-	-	-	23%	38,963	127,939
RYG		Ryan Gold Corp. (formerly Valdez Gold Inc.)	12%	14,311	12,812	12%	5,863	20,384
-	2	Escal UGS S.L.	33%	-	-	33%	5,930	5,930
CRG		Corona Gold Corporation	26%	4,457	3,132	26%	5,865	7,258
ODX		Odyssey Resources Limited	31%	620	2,046	31%	708	2,046
				\$ 417,057	\$ 557,863		\$ 289,709	\$ 586,190

References:

1. Part of the Company's 29% interest in Dundee International REIT is held through Dundee Realty, the Company's 70% owned subsidiary, giving Dundee Corporation an effective 27.3% interest in Dundee International REIT.
2. The Company's 33% interest in Escal UGS S.L. ("Escal") is held through Dundee Energy's 74% owned subsidiary, Castor UGS Limited Partnership, giving Dundee Energy an effective 25% interest in Escal. Escal's market value has been determined based on the Company's carrying value.

STATEMENTS OF SEGMENTED RESULTS OF OPERATIONS YEAR-TO-DATE

							2011
<i>For the nine months ended September 30, 2011</i>	Real Estate	Resource	Asset Management	Capital Markets	Intersegment	TOTAL	
REVENUES							
Management fees	\$ -	\$ -	\$ 25,751	\$ 14,007	\$ (4,034)	\$ 35,724	
Financial services	-	-	2,212	71,795	-	74,007	
Real estate revenue	194,917	-	-	-	-	194,917	
Oil and gas revenue, net	-	26,359	-	-	-	26,359	
Investment income (loss)	12	(20)	47,776	3,404	(1,927)	49,245	
	194,929	26,339	75,739	89,206	(5,961)	380,252	
EXPENSES							
Variable compensation	-	-	-	43,260	-	43,260	
Operating costs, real estate	149,194	-	-	-	(2,516)	146,678	
Operating costs, oil and gas	-	10,709	-	-	-	10,709	
Depreciation and depletion	1,568	11,098	1,801	654	-	15,121	
Selling, general and administrative	3,738	9,051	48,721	37,237	(1,518)	97,229	
	154,500	30,858	50,522	81,151	(4,034)	312,997	
OPERATING EARNINGS (LOSS)	40,429	(4,519)	25,217	8,055	(1,927)	67,255	
OTHER ITEMS IN EARNINGS							
Share of earnings from equity accounted investments	15,709	28,896	-	-	-	44,605	
Gain on sale of equity accounted investment	-	95,561	-	-	-	95,561	
Share of earnings from real estate joint ventures	155	-	-	-	-	155	
Risk management gain	-	2,034	-	-	-	2,034	
Fair value (loss) gain	1,794	(243)	(11,424)	-	-	(9,873)	
Interest expense	(8,237)	(3,503)	(7,758)	-	1,927	(17,571)	
Foreign exchange (loss) gain	-	147	(344)	-	-	(197)	
	9,421	122,892	(19,526)	-	1,927	114,714	
NET EARNINGS BEFORE NON-SEGMENTED ITEMS	49,850	118,373	5,691	8,055	-	181,969	
NON-SEGMENTED ITEMS							
Income taxes	-	-	-	-	-	47,998	
NET EARNINGS FROM CONTINUING OPERATIONS	49,850	118,373	5,691	8,055	-	133,971	
DISCONTINUED OPERATIONS							
Loss, net of taxes and non-controlling interest	-	-	-	-	-	(9,670)	
Gain on sale of discontinued operations, net of taxes	-	-	-	-	-	870,828	
NET EARNINGS FOR THE PERIOD	\$ 49,850	\$ 118,373	\$ 5,691	\$ 8,055	\$ -	\$ 995,129	
NET EARNINGS ATTRIBUTABLE TO:							
Owners of the parent	\$ 40,343	\$ 120,693	\$ 5,691	\$ 5,077	\$ -	\$ 984,964	
Non-controlling interest	9,507	(2,320)	-	2,978	-	10,165	
	\$ 49,850	\$ 118,373	\$ 5,691	\$ 8,055	\$ -	\$ 995,129	

							2010
<i>For the nine months ended September 30, 2010</i>	Real Estate	Resource	Asset Management	Capital Markets	Intersegment	TOTAL	
REVENUES							
Management fees	\$ -	\$ -	\$ 17,870	\$ 9,774	\$ (3,346)	\$ 24,298	
Financial services	-	-	1,348	79,151	-	80,499	
Real estate revenue	276,324	-	-	-	-	276,324	
Oil and gas revenue, net	-	8,179	-	-	-	8,179	
Investment income	-	200	36,780	1,367	(2,035)	36,312	
	276,324	8,379	55,998	90,292	(5,381)	425,612	
EXPENSES							
Variable compensation	-	-	-	38,001	-	38,001	
Operating costs, real estate	209,240	-	-	-	(2,248)	206,992	
Operating costs, oil and gas	-	2,793	-	-	-	2,793	
Depreciation and depletion	1,891	3,195	1,742	800	-	7,628	
Selling, general and administrative	5,381	7,034	21,889	30,513	(1,098)	63,719	
	216,512	13,022	23,631	69,314	(3,346)	319,133	
OPERATING EARNINGS (LOSS)	59,812	(4,643)	32,367	20,978	(2,035)	106,479	
OTHER ITEMS IN EARNINGS							
Share of earnings from equity accounted investments	2,125	36,028	-	-	-	38,153	
Share of earnings from real estate joint ventures	162	-	-	-	-	162	
Fair value loss	(153)	(413)	-	-	-	(566)	
Interest expense	(8,999)	(1,555)	(6,340)	(19)	2,035	(14,878)	
Foreign exchange loss	-	(115)	(64)	-	-	(179)	
	(6,865)	33,945	(6,404)	(19)	2,035	22,692	
NET EARNINGS BEFORE NON-SEGMENTED ITEMS	52,947	29,302	25,963	20,959	-	129,171	
NON-SEGMENTED ITEMS							
Income taxes	-	-	-	-	-	34,134	
NET EARNINGS FROM CONTINUING OPERATIONS	52,947	29,302	25,963	20,959	-	95,037	
DISCONTINUED OPERATIONS							
Earnings, net of taxes and non-controlling interest	-	-	-	-	-	34,973	
NET EARNINGS FOR THE PERIOD	\$ 52,947	\$ 29,302	\$ 25,963	\$ 20,959	\$ -	\$ 130,010	
NET EARNINGS ATTRIBUTABLE TO:							
Owners of the parent	\$ 41,925	\$ 32,082	\$ 25,963	\$ 13,471	\$ -	\$ 114,280	
Non-controlling interest	11,022	(2,780)	-	7,488	-	15,730	
	\$ 52,947	\$ 29,302	\$ 25,963	\$ 20,959	\$ -	\$ 130,010	

SEGMENTED RESULTS OF OPERATIONS

Nine months ended September 30, 2011 compared with the nine months ended September 30, 2010

REAL ESTATE SEGMENT

Dundee Realty Corporation

RESULTS OF OPERATIONS

Margins from Real Estate Operations

Real estate operations generated contribution margins of \$45.7 million or 23.5% on revenues of \$194.9 million during the nine months ended September 30, 2011. This compares with contribution margins of \$67.1 million or 24.3% on revenues of \$276.3 million during the same period of the prior year.

Components of Real Estate Operations*	Nine months to September 30, 2011				Nine months to September 30, 2010			
	Revenue	Costs	Margin	% Margin	Revenue	Costs	Margin	% Margin
Inventory								
Land under development	\$ 99,966	\$ 68,962	\$ 31,004	31.0%	\$ 161,271	\$ 109,301	\$ 51,970	32.2%
Housing	60,737	51,363	9,374	15.4%	68,646	56,330	12,316	17.9%
Condominiums	4,975	8,468	(3,493)	(70.2%)	22,736	26,789	(4,053)	(17.8%)
Investment properties	4,422	2,297	2,125	48.1%	4,025	2,130	1,895	47.1%
Income-producing properties	21,379	18,104	3,275	15.3%	16,269	14,690	1,579	9.7%
Other	3,438	-	3,438	N/A	3,377	-	3,377	N/A
	\$ 194,917	\$ 149,194	\$ 45,723	23.5%	\$ 276,324	\$ 209,240	\$ 67,084	24.3%

* Excludes selling, general and administrative expenses, interest expense and amortization

- *Land Margins*

Revenue from land sales in the nine months ended September 30, 2011 was \$100.0 million, generating contribution margins of \$31.0 million or 31.0%. This compares with revenues of \$161.3 million, generating contribution margins of \$52.0 million or 32.2% in the same period of 2010. The decrease in operating profits of \$21.0 million reflects substantially lower lot and parcel sales in western Canada, where revenues decreased by \$52.5 million and operating profit by \$20.6 million. Land margins were also impacted by reductions in lot sales from Dundee Realty's joint venture interests in Toronto, which further decreased revenues by \$8.5 million and operating profits by \$1.7 million.

During the nine months ended September 30, 2011, Dundee Realty sold 851 lots (nine months ended September 30, 2010 – 1,316 lots) at an average selling price of \$111,000 per lot (nine months ended September 30, 2010 - \$116,000). Similar decreases are reflected in sales of parcel acres, with Dundee Realty selling 28 parcel acres (nine months ended September 30, 2010 – 73 parcel acres) at an average price of \$445,000 per acre (nine months ended September 30, 2010 – \$474,000) in the nine months ended September 30, 2011.

- *Housing Margins*

Lower sales of homes in Toronto resulted in a \$7.9 million decrease in revenues from housing operations. Operating margins were also impacted during the nine months ended September 30, 2011, having decreased to 15.4% from 17.9% in the same period of the prior year. Changes in operating margins reflect lower sales of high margin housing inventory such as the Thornhill Woods Project in Toronto, which generated a contribution margin of 21% in the third quarter of 2010, and the Lakeridge Project in Regina, which generated contribution margins of 27% in the third quarter of 2010.

Dundee Realty completed 68 home closings through its joint venture operations in Toronto during the nine months ended September 30, 2011, compared to 209 home closings in the same period of 2010. Sales revenue of \$6.2 million generated operating profits of \$2.9 million, with an average selling price of \$434,000. This compares to sales revenue of \$18.6 million, operating profits of \$3.9 million and an average selling price of \$466,000 in the same period of the prior year.

- *Condominium Margins*

Revenues and contribution margins from condominium operations are project driven. With the near completion of a significant project in Toronto, revenue from sales of condominium units decreased by \$17.7 million to \$5.0 million in the nine months ended September 30, 2011 from revenue of \$22.7 million generated in the same period of the prior year. Average selling prices of condominiums in Toronto remain stable at approximately \$679,000 per unit.

Management is continuing with a program to fund vendor-take-back mortgages that will allow purchasers to obtain the remainder of the financing needed to complete a purchase of a condominium unit at Dundee Realty's Base Camp project in Colorado. During the nine months ended September 30, 2011, Dundee Realty sold 10 units and generated revenue of \$3.3 million at the Base Camp project. This compares with 15 sales in the same period of 2010, generating revenue of \$4.5 million. At September 30, 2011, there were 28 additional units available for sale.

- *Margins from Investment Properties*

Revenue from investment properties increased to \$4.4 million in the nine months ended September 30, 2011 from \$4.0 million in the same period of 2010, resulting in an overall increase of \$0.2 million in operating margins. The Distillery Historic District in Toronto outperformed the prior year period, with higher occupancy levels and reduced concerns over non-collectability of rents.

- *Margins from Income-Producing Properties*

Revenue from income-producing properties increased to \$21.4 million in the nine months ended September 30, 2011 from \$16.3 million in the same period of 2010. Operating profits in the current period increased to \$3.3 million, representing a margin of 15.3% and an increase of \$1.7 million from results in the same period of 2010. The increase is mainly attributable to positive margins from ski operations in the U.S. These operations contributed \$3.1 million to operating profits in the current period, representing an increase of 113.6% over the same period of the prior year, mainly due to increased skier visits as consistent snowfall and a new ski lift generated greater skier response.

Dundee Realty's 17% interest in the King Edward Hotel in downtown Toronto generated marginal operating profits in the nine months ended September 30, 2011, in line with the same period of the prior year. Revenue increased to \$3.0 million in the nine months ended September 30, 2011, from \$2.5 million in the same period of the prior year, and reflected the timing of the acquisition of this property, which was completed in March 2010.

Share of Earnings from Real Estate Joint Ventures

For the nine months ended September 30,	2011	2010
Revenues		
Other properties	\$ 9,970	\$ 8,941
Investment properties	192	(15)
Advisory and asset management	230	165
Interest and other income	44	-
	10,436	9,091
Expenses		
Other properties	7,215	6,611
Investment properties	95	(155)
Condominiums	38	-
Advisory and asset management	92	66
Interest expense	1,156	978
Amortization and depreciation	1,093	1,099
General and administrative	557	238
Earnings before non-controlling interest	190	254
Non-controlling interest	(35)	(92)
Net income from equity investments	\$ 155	\$ 162

CHANGES IN FINANCIAL CONDITION

Real Estate Assets

As at	September 30, 2011	% Change	December 31, 2010
Inventory			
Land	\$ 248,628	(4%)	\$ 260,298
Housing	25,462	3%	24,691
Condominiums	95,715	61%	59,567
Commercial development	5,436	10%	4,949
	375,241	7%	349,505
Investment properties	37,672	10%	34,280
Income-producing properties	24,235	(4%)	25,141
	\$ 437,148	7%	\$ 408,926

• *Land Held for Development and Land Under Development*

	Land Held for Development		Land Under Development		Total Cost
	Cost	Acres	Cost	Lots	
Saskatoon	\$ 43,170	2,358	\$ 20,168	98	\$ 63,338
Regina	8,304	980	22,160	207	30,464
Calgary	84,151	1,112	22,087	18	106,238
Edmonton	16,127	441	27,739	158	43,866
Toronto	-	-	3,369	3	3,369
USA	1,353	3	-	-	1,353
	\$ 153,105	4,894	\$ 95,523	484	\$ 248,628

Dundee Realty's portfolio of land held for development and land under development extends across Canada and the United States. The carrying value of Dundee Realty's portfolio of land under development and held for development decreased to \$248.6 million at September 30, 2011, a decrease of 4% from \$260.3 million at December 31, 2010.

Development costs on land were approximately \$52.6 million during the nine months ended September 30, 2011, and were incurred primarily in western Canada. Dundee Realty estimates that it will spend an additional \$81.0 million on development activity during the remainder of 2011. Funding will be provided from operating cash flow as well as borrowings pursuant to Dundee Realty's borrowing facilities.

Balance of land inventory, December 31, 2010	\$	260,298
Acquisitions		1,000
Costs of development		52,568
Transfer to cost of goods sold		(61,415)
Cost recoveries		(3,739)
Other		(84)
Balance of land inventory, September 30, 2011	\$	248,628

- *Housing Inventory*

Location	Number of Homes		Cost
Saskatoon	71	\$	11,153
Regina	81		13,818
Toronto	4		491
		\$	25,462

Housing inventory increased by 3% to \$25.5 million as at September 30, 2011 compared with \$24.7 million at December 31, 2010. Housing development costs, primarily incurred in western Canada, were approximately \$50.1 million during the nine months ended September 30, 2011.

Balance of housing inventory, December 31, 2010	\$	24,691
New acquisitions		671
Costs of development		50,108
Transfer to cost of goods sold		(50,008)
Balance of housing inventory, September 30, 2011	\$	25,462

- *Condominium Inventory*

Project	Location	Number of Units		Cost
Clear Spirit	Toronto	346	\$	25,499
Gooderham	Toronto	328		8,642
Corktown I	Toronto	1		2,513
Corktown II	Toronto	192		16,790
Two Gladstone	Toronto	55		7,204
SYNC	Toronto	98		4,791
Trinity Lofts	Toronto	82		5,347
King Edward	Toronto	145		2,332
8 Gladstone	Toronto	89		2,940
11 Peel	Toronto	-		8,082
345 Carlaw	Toronto	-		2,012
Base Camp One	Colorado	28		7,915
Other				1,648
			\$	95,715

Condominium inventory increased by 61% to \$95.7 million as at September 30, 2011 compared with \$59.6 million at December 31, 2010. During the nine months ended September 30, 2011, Dundee Realty, in conjunction with an existing joint venture partner, acquired three condominium development sites located in Toronto for a total cost of \$10.9 million.

Condominium development costs were approximately \$30.2 million during the period ended September 30, 2011, all of which were incurred in Toronto.

Balance of condominium inventory, December 31, 2010	\$	59,567
New acquisitions		10,904
Costs of development		30,226
Transfer to cost of goods sold		(4,942)
Other		(40)
Balance of condominium inventory, September 30, 2011	\$	95,715

- *Commercial Development Property*

During 2010, Dundee Realty acquired a 45% interest in a vacant office building in Toronto. The building is to be refurbished, leased and then marketed for sale on completion. During the nine months ended September 30, 2011, \$0.5 million of development costs were incurred on the project.

Balance of commercial development property, December 31, 2010	\$	4,949
Acquisition adjustments		(27)
Costs of development		514
Balance of commercial development property, September 30, 2011	\$	5,436

- *Investment Properties*

Balance of investment properties, December 31, 2010	\$	34,280
New acquisitions		1,538
Building improvements		37
Initial leasing costs and incentives during the period		29
Fair value adjustment		1,794
Other		(6)
Balance of investment properties, September 30, 2011	\$	37,672

The fair value of investment properties at September 30, 2011 increased by approximately \$1.8 million. The increase relates primarily to the Distillery Historic District, and reflects increased leasing activity and a decrease in the overall capitalization rate. In accordance with accounting requirements, this change in value has been included as a fair value adjustment in the Company's consolidated financial statements.

- *Income-Producing Properties*

Project	Location		Cost
Arapahoe Basin	Colorado	\$	11,969
King Edward Hotel	Toronto		6,650
Willows Golf course	Saskatoon		3,212
Corporate fixed assets and other			2,404
		\$	24,235

Income-producing properties decreased by 4% to \$24.2 million as at September 30, 2011 compared with \$25.1 million at December 31, 2010, mainly due to depreciation.

Dundee Realty has budgeted US\$1.2 million towards capital expenditures on its U.S. ski operations. These expenditures, which will be incurred throughout the remainder of 2011, will significantly increase parking capacity to accommodate increased demand generated by the new ski lift investment completed in 2010.

Balance of income-producing properties, December 31, 2010	\$	25,141
Additions during the period		631
Disposals during the period		(9)
Depreciation and amortization		(1,610)
Other		82
Balance of income-producing properties, September 30, 2011	\$	24,235

Real Estate Joint Venture Investments

	Firelight Infrastructure Fund		Bear Valley Mountain Resort		Other	Total		
Balance of real estate joint venture investments, December 31, 2010	\$	11,303	\$	5,860	\$	9,837	\$	27,000
Equity earnings (loss) for the period		396		(302)	61			155
Net cash investments		3,514		(78)	(126)			3,310
Other		-		(85)	(401)			(486)
Balance of real estate joint venture investments, September 30, 2011	\$	15,213	\$	5,395	\$	9,371	\$	29,979

Dundee Realty's equity accounted investments are comprised of investments in jointly controlled entities and investments in associates. Included in Dundee Realty's joint venture investments is its 20% interest in Firelight Infrastructure Fund ("Firelight"). Firelight has committed \$200 million to fund renewable energy projects and is currently invested in RMS Energy Dalhousie Mountain LP, which completed its first project in 2010, with the successful conversion of the RMS Dalhousie Mountain wind farm in Pictou County, Nova Scotia. Through Xeneca Limited Partnership ("Xeneca"), Firelight is also indirectly invested in the development of waterpower sites in Ontario. Dundee Realty has a 19% beneficial interest in Xeneca.

During the second and third quarters of 2011, Firelight acquired five solar rooftop projects as part of a plan to invest \$150 million over three years in solar energy projects. The acquired solar projects have entered into power purchase agreements for renewable energy with the Ontario Power Authority to supply energy at a fixed rate of 71.3 cents per kWh for 20 years. Dundee Realty holds a 20% interest in the solar projects and has invested \$0.9 million.

Firelight has also entered into a joint venture agreement to acquire a 49% interest in a 31.5 MW wind power project located near Amherst, Nova Scotia.

Real Estate Debt

Real estate debt as at September 30, 2011 was \$182.0 million (December 31, 2010 - \$177.1 million) including \$77.0 million relating to a revolving term credit facility, with the balance divided among mortgages on investment properties, income-producing properties, land servicing loans, vendor-take-back financing of land purchases and housing construction loans. Debt is generally secured by charges on specific properties to which the debt relates. As at September 30, 2011, \$43.2 million (December 31, 2010 - \$33.5 million) of aggregate debt in the real estate segment was subject to a fixed, weighted average interest rate of 7.45% (December 31, 2010 - 6.96%) and matures between 2011 and 2030. A further \$138.8 million (December 31, 2010 - \$143.6 million) of real estate debt is subject to a weighted average variable interest rate of 4.13% (December 31, 2010 - 5.08%) and matures between 2011 and 2018.

Borrowings under Dundee Realty's revolving term credit facility are available up to a formula-based maximum not to exceed \$150 million. The facility bears interest at prime plus 1.75% or at the corporate bankers' acceptance rate plus 3.00%. The facility was renewed on February 1, 2011 and expires on November 30, 2012. The facility is secured by a general security agreement and first charges against lots and parcels, as well as certain land held for development in western Canada. At September 30, 2011, Dundee Realty had drawn \$121.6 million against its revolving term credit facility, including \$44.6 million in the form of letters of credit.

Dundee REIT

Dundee REIT is an unincorporated, real estate investment trust and is a leading provider of high quality, affordable business premises. It is focused on owning, acquiring, leasing and managing mid-sized urban and suburban office and industrial properties in Canada. At September 30, 2011, Dundee REIT's portfolio consisted of approximately 18.8 million square feet of gross leasable area across Canada.

Since the beginning of 2011, Dundee REIT successfully raised approximately \$485.6 million in equity financings. The arrangements facilitated the acquisition of certain properties, enhancing Dundee REIT's real estate portfolio by over 6.5 million square feet of office and industrial space in markets across Canada. The benefit of these acquisitions, together with those completed in 2010, is reflected in improved revenue and net earnings during the nine months ended September 30, 2011.

The Company's share of earnings from its investment in Dundee REIT for the nine months ended September 30, 2011 was \$14.9 million. This compares with net equity earnings of \$2.1 million during the same period of 2010. Dundee Corporation received distributions from Dundee REIT of \$7.9 million during the nine months ended September 30, 2011 (nine months ended September 30, 2010 – \$7.3 million), of which \$1.7 million were reinvested in Dundee REIT as part of its dividend reinvestment program (nine months ended September 30, 2010 – \$1.6 million). At September 30, 2011, Dundee Corporation held, directly and indirectly, an 8% interest in Dundee REIT. 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. At September 30, 2011, the market value of the Company's investment in Dundee REIT was \$167.0 million.

Dundee International REIT

Dundee International REIT is an unincorporated, open-ended real estate investment trust that provides investors with the opportunity to invest in commercial real estate exclusively outside of Canada. At September 30, 2011, Dundee International REIT's portfolio consisted of approximately 12.3 million square feet of gross leasable area of office, logistics and other commercial properties across Germany.

The Company's share of earnings from its investment in Dundee International REIT for the nine months ended September 30, 2011 was \$0.8 million. In addition, Dundee Corporation received distributions from Dundee International REIT of \$1.5 million. At September 30, 2011, Dundee Corporation held a 29% interest in Dundee International REIT, with a market value of \$124.2 million.

RESOURCE SEGMENT

During the nine months ended September 30, 2011, the resource segment generated net earnings of \$118.4 million, compared with net earnings of \$29.3 million earned during the nine months ended September 30, 2010. Included in net earnings for the nine months ended September 30, 2011, is a pre-tax gain of \$95.6 million in respect of the Company's divestment of Breakwater (see "*Recent Developments – Divestment of Breakwater Resources Ltd.*"). Net earnings in the resource segment include \$28.9 million of earnings from resource-based equity accounted investments, compared with equity earnings of \$36.0 million in the same period of 2010.

Dundee Energy Limited

Business Acquisitions by Dundee Energy

On June 29, 2010, Dundee Energy Limited Partnership (“DELP”), a wholly-owned limited partnership of Dundee Energy, acquired a 95% working interest in 65,000 acres of onshore oil properties and a 65% working interest in 902,000 acres of offshore gas properties, all located in southern Ontario, Canada. As part of the transaction, Dundee Energy also acquired a 65% ownership interest in certain other assets including an offshore fleet of drilling and completion barges, six gas plants and compressor stations that process offshore dry gas at onshore locations, and a 100% interest in four onshore oil facilities. DELP’s acquisition also provides for ownership or licensing of up to 14,680 kilometres of 2-dimensional seismic and 331 square kilometres of 3-dimensional seismic.

DELP’s acquisition further provides Dundee Energy with potential growth opportunities, including a significant number of development drilling locations, as well as opportunities for well recompletions and the optimization of the existing infrastructure system. Importantly, the acquisition has provided Dundee Energy with the potential for the development of gas storage reservoirs, the feasibility of which will require further evaluation.

On August 4, 2011, Dundee Energy completed the acquisition of all the outstanding common shares of Torque Energy Inc. (the “Torque Acquisition”), a Canadian based oil and natural gas company with exploration, development and production activities. The acquisition of Torque is expected to provide Dundee Energy with efficiencies of scale by combining Torque’s oil and natural gas interests with those of DELP, including interests in some of the same wells and fields. Torque holds working interests in 47 wells, including 43 wells located in southern Ontario, in relative proximity to Dundee Energy’s existing oil and natural gas interests held through DELP (collectively, the “Southern Ontario Assets”). Torque’s four remaining wells are located in Alberta.

In June 2010, Torque entered into an agreement with Union Gas, which provides Union Gas with the right to develop new gas storage capacity in the Trenton Reservoir located within the Dover East field, where Torque holds a 50% non-operating working interest. In exchange, Torque will receive cash payments that are tiered to the developmental work undertaken by Union Gas for gas storage. Notwithstanding the transaction with Union Gas, Torque retains the right to further explore, drill and produce oil from all new and certain existing wells within the Dover East field, subject to maintaining the integrity of the designated storage reservoir.

RESULTS OF OPERATIONS

As a result of the business acquisitions outlined above, Dundee Energy’s results of operations during the nine months ended September 30, 2011 has changed significantly from results generated during the same period of the prior year.

Oil and Gas Revenue

Dundee Energy’s operating performance is dependent on production volumes of oil, natural gas and natural gas liquids and the prices received for this production. Prices for these commodities may vary significantly and are determined by supply and demand factors, weather, general economic conditions and changes in foreign exchange rates.

	Nine months ended Septmeber 30, 2011			From commencement of operations on June 29, 2010 to September 30, 2010		
	Oil and Gas		Realized Prices (\$ / unit)	Oil and Gas		Realized Prices (\$ / unit)
	Aggregate Sales Volume / day	Revenue (net) (\$000's)		Aggregate Sales Volume / day	Revenue (net) (\$000's)	
Natural gas (mcf/d)	10,760	11,328	4.66	10,453	4,115	5.08
Oil (bbls/d)	728	14,712	95.52	683	4,004	76.38
Liquids (bbls/d)	25	319	55.06	15	60	50.75
Total (boe/d)	2,547	26,359	44.81	2,441	8,179	43.43
Benchmark Prices						
Dawn Hub (US\$/GJ)			4.57			4.60
West Texas Intermediate (WTI) (US\$/bbl)			95.22			76.06

In the nine months ended September 30, 2011, the Southern Ontario Assets generated oil and gas revenue of \$26.4 million, net of royalty obligations. Royalty obligations average 15% of oil and gas sales and include crown royalties as well as freehold and overriding royalties.

Natural gas sales currently represent 71% of the overall production volume on a boe basis and 43% of total revenue. During the nine months ended September 30, 2011, DELP's sales of natural gas resulted in average realized sales prices of \$4.66/Mcf, representing a positive basis differential from the average Dawn hub price of US\$4.57 (Cdn\$4.45) during this period. The positive basis differential is due in part, to Dundee Energy's proximity to the Dawn hub, located in southwestern Ontario, which is a leading provider of natural gas supply to the greater Toronto market area.

Oil sales currently represent 29% of overall production volume on a boe basis and 57% of total revenue. Global economic concerns continue to cause substantial volatility in the price of oil, with the spot price closing on September 30, 2011 at US\$81.87/bbl West Texas Intermediate (WTI) compared with US\$91.38/bbl at December 31, 2010. During the nine months ended September 30, 2011, sales of oil from the Southern Ontario Assets generated a realized sales price of \$95.52/bbl.

Operating Costs, Oil and Gas

Costs associated with the production and sale of oil and gas include all costs incurred to operate and maintain wells and related equipment and facilities, including direct labour costs, costs associated with repairs and maintenance, costs for materials, fuel or other forms of energy consumed and supplies utilized in these operations. In the nine months ended September 30, 2011, operating costs relating to oil and gas activities were \$10.7 million (nine months ended September 30, 2010 - \$2.8 million).

Field Level Cash Flows and Field Netbacks

	Nine months ended September 30, 2011				From commencement of operations on June 29, 2010 to September 30, 2010			
	Oil and		Per Unit		Oil and		Per Unit	
	Liquids	Natural Gas	Oil and Liquids (bbls)	Natural Gas (Mcf)	Liquids	Natural Gas	Oil and Liquids (bbls)	Natural Gas (Mcf)
Oil and gas revenue	\$ 15,031	\$ 11,328	\$ 79.21	\$ 3.96	\$ 4,064	\$ 4,115	\$ 63.25	\$ 4.27
Operating costs	(4,418)	(6,291)	(23.13)	(2.19)	(1,115)	(1,678)	(17.36)	(1.74)
Field Netbacks	\$ 10,613	\$ 5,037	\$ 56.08	\$ 1.77	\$ 2,949	\$ 2,437	\$ 45.89	\$ 2.53

Other Costs in the Resource Segment

Commensurate with the changes in the underlying business of Dundee Energy, depreciation and depletion increased to \$11.1 million in the nine months ended September 30, 2011 compared with \$3.2 million in the same period of the prior year. Similarly, selling, general and administrative costs increased to \$9.1 million in the first three quarters of 2011 compared with \$7.0 million in the same period of the prior year.

Price Risk Management

Dundee Energy may, from time to time, enter into fixed price contracts and derivative financial instruments for the purpose of protecting its oil and natural gas revenue from the volatility of oil and natural gas prices and volatility in Canadian to US dollar foreign exchange rates. These price risk management strategies assist Dundee Energy in securing a more stable cash flow to protect a desired level of capital spending and for debt management. Dundee Energy's risk management strategy includes a foreign exchange component, as fixed prices are set in Canadian dollars. These risk management contracts hedge approximately 81% of Dundee Energy's oil production and 62% of its natural gas production. The following is a summary of commodity contracts entered into by Dundee Energy as at September 30, 2011.

Contract	Remaining Term	Average Volume	Rate / Strike C\$/unit
NYMEX oil swaps	Oct - Dec 2011	100 bbls/d	89.29
NYMEX oil swaps	Oct - Dec 2011	100 bbls/d	89.60
NYMEX oil swaps	Oct - Dec 2011	100 bbls/d	90.00
NYMEX oil swaps	Oct - Dec 2011	50 bbls/d	95.00
NYMEX oil swaps	Oct - Dec 2011	100 bbls/d	99.45
NYMEX oil swaps	Oct - Dec 2011	100 bbls/d	100.00
NYMEX gas swaps*	Oct 2011 - Feb 2012	6500 mbtu/d	4.66

* Volume measured in thousands of British thermal units

For accounting purposes, Dundee Energy has not designated these risk management contracts as hedges. Accordingly, changes in the fair values of these contracts will be included in the Company's net earnings. If the risk management contracts were unwound at September 30, 2011, Dundee Energy would receive an amount of \$1.2 million.

CHANGES IN FINANCIAL CONDITION

Investment in Southern Ontario Assets

During the three and nine months ended September 30, 2011, Dundee Energy incurred capital expenditures on the Southern Ontario Assets of \$4.1 million and \$6.3 million, respectively.

For the period ended September 30, 2011	Three Months	Nine Months
<i>Offshore</i>		
Drilling and completion	\$ 2,037	\$ 2,379
Pipeline	133	246
Workovers	7	162
Facilities	60	164
Offshore fleet	118	367
Total Offshore	2,355	3,318
<i>Onshore</i>		
Drilling and completion	1,172	1,172
Workovers	116	588
Facilities	63	116
Other	143	177
Total Onshore	1,494	2,053
Undeveloped properties	205	778
Equipment and software purchases	55	199
	\$ 4,109	\$ 6,348

Decommissioning Liability

As part of the acquisition of the Southern Ontario Assets, Dundee Energy recorded decommissioning liabilities representing its best estimate of costs that it will incur to settle future site restoration, abandonment and reclamation obligations. At September 30, 2011, Dundee Energy's estimate of these future costs on an undiscounted basis was approximately \$83.4 million and are expected to be incurred over a 49-year period.

Demand Revolving Credit Facilities

On June 29, 2010, and concurrent with DELP's acquisition, Dundee Energy arranged for an \$80.0 million credit facility for the benefit of DELP, established for the purpose of acquiring and operating the oil and natural gas assets owned by DELP. The credit facility was placed with a banking syndicate of Canadian chartered banks. The credit facility is structured as a demand revolving loan, and is subject to a tiered interest rate structure that varies based on the net debt to cash flow ratio generated by DELP. The rate is initially set at prime plus 3% for loans and letters of credit or, for bankers' acceptances, at the bankers' acceptance rate plus 4%. At September 30, 2011, an aggregate of \$57.7 million had been drawn against the facility and as required by statute, DELP had further issued a letter of credit for \$3.3 million in favour of the Ministry of Natural Resources in connection with future abandonment costs.

As part of the Torque acquisition, Dundee Energy assumed a \$6.1 million credit facility originally established by Torque with a Canadian chartered bank. The credit facility provides Torque with a revolving demand loan, bearing interest at the bank's prime lending rate plus 1.5%. Torque is subject to a standby fee of 0.25% on unused amounts under the credit facility. The credit facility is secured against all of the oil and natural gas properties owned by Torque. At September 30, 2011, Torque had drawn \$1.1 million pursuant to its credit facility.

Eurogas International Inc.

EII is currently conducting exploration and evaluation programs for oil and natural gas offshore Tunisia in the Gulf of Gabes, where it holds an interest in the 1.0 million acre Sfax permit.

Force Majeure

On January 18, 2011, EII announced that, together with its joint venture partner, Atlas Petroleum Exploration Worldwide Ltd. ("APEX"), it had declared a condition of Force Majeure with respect to the Sfax permit and Ras-El-Besh concession located offshore Tunisia. EII and APEX continue to believe that the current political uncertainty and civil unrest in Tunisia adversely affects their ability to continue their exploration and evaluation activities. EII believes that the declaration of a Force Majeure will allow the joint venture to temporarily suspend its activities while the conditions resulting in the Force Majeure continue. Once the situation in Tunisia is resolved, the joint venture will resume its exploration and evaluation activities. The Company's carrying value of its Tunisian properties at September 30, 2011 was \$8.5 million (December 31, 2010 - \$7.3 million).

On June 30, 2011, the Tunisian government granted a one-year extension on the Sfax permit, extending the term from December 8, 2011 to December 8, 2012. The joint venture remains subject to a work commitment to drill one new exploration well to a specified geological zone during this extended period. In the event that this work commitment is not completed, a compensatory payment of up to US\$12 million will be payable by the joint venture to the Tunisian regulatory bodies. In addition, the joint venture remains obligated to complete the abandonment of its previously drilled REB-3 well. EII estimates that its share of the cost of meeting these two work commitments is approximately US\$7.4 million.

Nichromet Extraction Inc.

The Company holds a 69% interest in Nichromet, a minerals processing technology company. Nichromet is developing a patented technology for the recovery of base and precious metals as well as fertilizers, by a chlorination process.

Nichromet has completed the initial development of metallurgical processes based on a chlorine leach technology. It has constructed a pilot plant and applied the technology to asbestos tailings in Quebec and to lateritic nickel ore deposits. Nichromet has also demonstrated in laboratory tests that its process can be applied to various sulfide and precious metals ores from other worldwide sources. During the nine months ended September 30, 2011, Nichromet continued to develop its patented chlorination

technology at its pilot plant. On a preliminary basis, Nichromet was able to successfully demonstrate the recoverability of gold without the use of cyanide, on three different low sulfide gold bearing ores.

Equity Accounted Resource Investments

Dundee Precious Metals Inc.

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

During the nine months ended September 30, 2011, revenue from sales generated by Dundee Precious was US\$250.0 million, an increase of US\$109.5 million over revenue of US\$140.5 million generated in the same period of the prior year. The growth was mainly attributable to an increase in metal prices and an increase in deliveries of concentrates. Gross profit from mining operations was US\$93.7 million for the nine months ended September 30, 2011, compared with US\$35.0 million in the same period of the prior year. The increase in gross profit is consistent with the growth in net revenues, reflecting higher gold, copper and silver prices, as well as increases in the deliveries of concentrates.

Dundee Precious reported net earnings attributable to equity holders of US\$63.4 million in the nine months ended September 30, 2011, compared with US\$1.5 million in the corresponding period of 2010. Higher pre-tax earnings are attributed to unrealized mark-to-market gains on copper derivatives, stronger metal prices and higher deliveries of concentrates partially offset by unrealized mark-to-market losses related to certain of its portfolio investments. The pre-tax earnings for the nine months ended September 30, 2010 included an impairment provision of US\$50.6 million, including a provision against the planned construction of a metals processing facility. Dundee Corporation had previously provided against the carrying value of this asset as part of its recognition of an impairment against its carrying value of Dundee Precious at December 31, 2008. Accordingly, Dundee Corporation's earnings for the nine months ended September 30, 2010 do not include its share of the provision recorded by Dundee Precious.

Equity earnings from Dundee Corporation's investment in Dundee Precious were \$17.1 million for the nine months ended September 30, 2011 (nine months ended September 30, 2010 - \$15.7 million).

At September 30, 2011, Dundee Corporation held approximately 28.3 million shares and 3.9 million warrants of Dundee Precious with an aggregate market value of \$248.7 million, representing a 23% interest.

Escal UGS S.L.

Dundee Energy holds an interest in the Castor underground gas storage project ("Castor Project") through its investment in Escal. The Castor Project is managed by ACS Servicios Comunicaciones y Energia S.L. ("ACS"), the largest construction group in Spain and a 67% shareholder of Escal. Further details as to the construction of the Castor Project and the associated remuneration system is detailed in Dundee Energy's management's discussion and analysis as at and for the year ended December 31, 2010, which may be accessed at www.sedar.com or at www.dundee-energy.com.

ACS has full responsibility for all project financing through the construction phase and until commissioning of the Castor Project and its formal inclusion into the Spanish gas system. Notwithstanding any funding being provided by ACS, Dundee Energy will be entitled to its proportionate interest in all distributions of equity made by Escal. The estimated cost of the Castor Project is €1.6 billion, including financing costs during the construction period, the majority of which will be funded using a €1.3 billion project financing arrangement with a syndicate of banks which was established in July 2010. In order to ensure compliance with project financing arrangements, ACS has contributed €81.4 million in equity to the Castor Project. Dundee Energy has not recognized the benefit of its interest in this amount as the realization and measurement is subject to a number of risks and uncertainties, including but not limited to, execution risk associated with the construction of the project, the availability and terms of future financing arrangements and the 50-year life span of the project.

During the first quarter of 2011, Escal established a hedging strategy to mitigate its exposure to interest rate risk associated with the project financing. At September 30, 2011, the fair value of Escal's obligations in respect of these hedging strategies was approximately €60.3 million. Included in the Company's OCI for the nine months ended September 30, 2011, is a fair value loss of \$5.9 million, representing the Company's maximum exposure to Escal's obligations. In addition, during the nine months ended September 30, 2011, Dundee Energy realized a loss of \$13,000 (nine months ended September 30, 2010 - gain of \$5,000) as its share of losses/earnings from its investment in Escal.

Ryan Gold Corp. ("Ryan Gold")

The Company holds a 12% interest in Ryan Gold Corp. ("Ryan Gold") (formerly Valdez Gold Inc.), a publicly traded, prospective gold exploration company. In May 2011, Ryan Gold acquired a package of exploration properties in the Yukon Territory. In total, the properties cover 134,174 hectares and 11 major project areas in various geological terrains that are thought to be prospective for precious metals. Immediately following completion of the transaction, Ryan Gold completed a financing for gross proceeds of \$52.3 million, including the issuance of flow-through shares. Dundee Corporation purchased 4.4 million flow-through shares for \$10.0 million pursuant to the financing.

At September 30, 2011, Dundee Corporation held 13.9 million shares of Ryan Gold with a market value of \$12.8 million. Equity losses from the Company's investment in Ryan Gold for the nine months ended September 30, 2011 were \$1.6 million (nine months ended September 30, 2010 - \$1.1 million).

Other Equity Accounted Resource Investments

Other equity accounted resource investments include Odyssey Resources Limited and Corona Gold Corporation. The market value of these investments was \$5.2 million as at September 30, 2011. There were no significant earnings from these two equity accounted investments in the nine months ended September 30, 2011 (nine months ended September 30, 2010 - earnings of \$0.8 million).

ASSET MANAGEMENT SEGMENT

Dundee Corporation has historically focused its efforts on the growth of its own portfolio of direct investments, as well as in the areas of retail and high net worth clients. As a result of its divestment of DundeeWealth in early 2011, the Company has redirected its focus to third-party asset management through the access to a broader range of investment partners, thereby increasing its access to capital, and to non-retail and institutional clients. The expansion of third-party asset management will be conducted primarily through NGIC and DREAM.

Ned Goodman Investment Counsel Limited

NGIC's strategy is to acquire, develop and manage high quality assets and businesses that demonstrate an opportunity to achieve sustained growth and high returns in core sectors, as well as to increase asset management fee revenues over the long term.

NGIC continues to act as sub-advisor to certain DundeeWealth funds under a sub-advisory agreement which provides NGIC with a share of management and performance fee revenues as they are generated. At September 30, 2011, NGIC provided sub-advisory and investment services to approximately \$1.0 billion (September 30, 2010 - \$3.0 billion) of DundeeWealth's AUM. NGIC also provided sub-advisory services to \$0.4 billion (September 30, 2010 - \$0.3 billion) of investment products managed by Dundee Capital Markets.

In addition, NGIC provides advisory and investment services to Ravensden Alternative Group Trust ("RAGT"), an investment entity established by NGIC in late 2009. To date, this investment entity has raised \$13.4 million, including \$9.4 million invested directly by Dundee Corporation. The fair value of the Company's \$9.4 million investment in RAGT was \$16.0 million at September 30, 2011.

NGIC is continuing with its initiative to form Dundee Global Resources L.P. ("Global Resources LP"), a Cayman Island limited partnership, which will focus on global equity and debt investments in both private and public resource companies. NGIC or an

associate of NGIC will be retained to provide sub-advisory management services to the general partner of Global Resources LP and to provide technical expertise, advice and due diligence services to assist the general partner with the review, selection and management of investment opportunities. To date, the Company has committed \$300 million to Global Resources LP and expects to commit a further \$200 million along with new investments from third-party investors.

Dundee Real Estate Asset Management

DREAM is a fully diversified real estate investment and asset management company with a scope of business that includes real estate asset management and advisory services encompassing commercial real estate and real estate development, as well as investments in Canadian renewable energy infrastructure assets. At September 30, 2011, DREAM managed third-party assets with an estimated value of \$6.9 billion (December 31, 2010 - \$4.2 billion).

DREAM also earns asset management revenue in respect of projects in which Dundee Realty has invested capital, including Dundee Realty's investments in real estate and infrastructure projects. For the nine months ended September 30, 2011, DREAM recognized \$2.5 million (nine months ended September 30, 2010 - \$2.2 million) of asset management revenues in respect of projects in which Dundee Realty has invested capital. Similarly, the financial results reflect 100% of operating expenses incurred in managing these assets. The portion of revenue that is earned in respect of Dundee Realty's invested capital is eliminated in determining the Company's consolidated financial results.

<i>For the nine months ended September 30,</i>	2011		2010	
Revenues	\$	19,034	\$	12,149
Expenses		15,114		6,211
Operating Profit	\$	3,920	\$	5,938
 Value of AUM	 \$	 6,900,000	 \$	 3,900,000

Management fee revenues increased to \$19.0 million in the nine months ended September 30, 2011, from \$12.1 million in the same period of 2010, mainly reflecting increased asset management fees related to property acquisitions completed on behalf of an existing client. In the nine months ended September 30, 2011, DREAM generated \$3.9 million of operating profits, a \$2.0 million decrease over the same period of 2010.

During the third quarter of 2011, DREAM was central to the establishment of Dundee International REIT and it will act as its asset manager. DREAM continues to pursue other potential asset management investment opportunities and is currently assessing infrastructure development projects. DREAM's participation in its first windmill project was completed at the end of 2009 and began operating in the first quarter of 2010. DREAM will also consider other alternative energy projects, including solar and water power.

Other Asset Management Segment Balances

Income from Corporate Investments

Dundee Corporation owns several other public and private investments in a variety of industry sectors. Revenues from these investments include net realized gains on sales of investments and dividend and interest income. Gains and losses on investments are not recognized in earnings until realized, although provisions for impairment in value are made when deemed appropriate. Unrealized gains and losses on securities designated as AFS are recorded as a component of OCI.

Included in investment income during the nine months ended September 30, 2011 is \$38.7 million of dividends from the Company's investment in the common and preferred shares of Scotiabank.

Selling, General and Administrative

Generally, head office costs, including costs associated with corporate governance and related public company costs, are accumulated and reported as head office costs and are not allocated to other operating segments. These costs were \$48.7 million for the nine months ended September 30, 2011 compared with \$21.9 million during the nine months ended September 30, 2010. Costs in the nine months ended September 30, 2011 include approximately \$15.0 million related to the gain earned by the Company following the divestment of DundeeWealth.

Corporate Interest Expense

Corporate interest expense was \$7.8 million for the nine months ended September 30, 2011, a \$1.5 million increase over \$6.3 million of interest expense incurred during the nine months ended September 30, 2010, reflecting increases in average borrowings over the respective periods.

CAPITAL MARKETS SEGMENT

Dundee Capital Markets Inc.

RESULTS OF OPERATIONS

<i>For the nine months ended September 30,</i>	2011	2010
<i>Revenues</i>		
Financial services		
Investment banking	\$ 36,324	\$ 41,344
Commissions	32,460	28,247
Principal trading	(2,236)	5,423
Foreign exchange trading	5,247	4,137
	71,795	79,151
Management fees	14,007	9,774
Investment income	3,404	1,367
	89,206	90,292
<i>Expenses</i>		
Variable compensation	43,260	38,001
Depreciation	654	800
Selling, general and administrative	37,237	30,513
	81,151	69,314
<i>Operating earnings</i>	\$ 8,055	\$ 20,978
Interest expense	-	(19)
<i>Net earnings attributable to the capital markets segment</i>	\$ 8,055	\$ 20,959

During the nine months ended September 30, 2011, pre-tax net earnings attributable to the capital markets segment were \$8.1 million compared with \$21.0 million of pre-tax net earnings earned by this segment in the same period of the prior year. The decrease reflects reduced contribution margins from operations, as well as increased selling, general and administrative expenses, partially offset by improvements in management fee revenues and investment income.

Contribution Margins

<i>For the nine months ended September 30,</i>	2011	2010
Financial services revenue	\$ 71,795	\$ 79,151
Variable compensation	(43,260)	(38,001)
	\$ 28,535	\$ 41,150
Contribution margins as a percentage of financial services revenue	40%	52%

Financial services revenue includes revenue from investment banking, commissions and principal trading activities. Aggregate financial services revenue was \$71.8 million in the nine months ended September 30, 2011 compared with \$79.1 million in the same period of the prior year.

Investment banking revenue is comprised of revenues from new issues and advisory services fees. New issue revenues increased to \$34.8 million in the nine months ended September 30, 2011 compared with \$33.2 million in the same period of the prior year. During the nine months ended September 30, 2011, Dundee Capital Markets participated in 149 (nine months ended September 30, 2010 – 155) public and private new issue transactions, with the mining and oil and gas sectors representing 71% of new issue activity. The increase in revenues, despite the decrease in the number of new issue transactions, reflects Dundee Capital Markets' strategy of focusing on certain core competencies in order to increase market share in specific industry sectors. The benefits of increases in new issue revenues were offset by a decrease in revenues from advisory services mandates, which decreased to \$1.5 million in the nine months ended September 30, 2011 compared with \$8.1 million earned in the same period of the prior year.

Commission revenues were \$32.5 million in the nine months ended September 30, 2011, an increase of approximately 15% over revenues of \$28.2 million earned in the same period of the prior year. The improvement is reflective of increased trading volumes, predominantly in the first two quarters of 2011, as Dundee Capital Markets continues to focus on increasing its market share.

Principal trading activities generated losses in the nine months ended September 30, 2011 of \$2.2 million compared with gains of \$5.4 million in the nine months ended September 30, 2010, reflecting the impact of market volatility to Dundee Capital Markets' portfolio of trading securities. Principal trading losses were partially offset by higher revenues earned in foreign exchange trading, which increased to \$5.2 million in the nine months ended September 30, 2011 compared with \$4.1 million earned in the same period of the prior year.

Capital markets professionals and financial advisors are compensated on a variable scale, based on revenues generated. Certain capital markets professionals may also be compensated based on profitability of their respective division. During the nine months ended September 30, 2011, variable compensation expense was \$43.3 million, resulting in a 40% contribution margin in the capital markets segment. This compares with variable compensation expense of \$38.0 million in the same period of the prior year, resulting in contribution margins of 52%. The increase in variable compensation and the resulting decrease in contribution margins reflects a shift in the components of financial services revenues, with higher revenues being generated in areas that are subject to higher levels of associated compensation.

Management Fees, AUM and AUA

(in millions of dollars)

<i>As at September 30,</i>	2011	2010
AUA	\$ 3,099	\$ 2,652
AUM	1,251	1,234

Management fees earned from tax assisted investment products, closed end funds, and financial advisor accounts were \$14.0 million in the nine months ended September 30, 2011, a 43% increase from the \$9.8 million earned in the same period of the prior year. The increase in management fee revenue corresponds primarily to an increase in average AUM throughout the first nine months of 2011, which increased 29% to \$1.4 billion compared to average AUM of \$1.1 billion in the same period of the prior year.

Selling, General and Administrative Expenses

Selling, general and administrative expenses in the capital markets segment were \$37.2 million in the nine months ended September 30, 2011, compared with \$30.5 million in the same period of the prior year. The increase is due, in part, to the costs

of the restructuring process initiated by Dundee Capital Markets following its spin out from DundeeWealth (see “*Recent Developments – Divestment of DundeeWealth and Discontinued Operations*”).

Dundee Capital Markets anticipates an increase in selling, general and administrative costs as a result of operations and technology costs that are expected to be incurred in the systems and back office conversion that is required prior to the termination of its shared services agreement with DundeeWealth, which expires in January 2012.

FINANCIAL CONDITION

Balances Relating to Dundee Capital Markets’ Investment Dealer Activities

	September 30, 2011	December 31, 2010
Client accounts receivable	\$ 582,882	\$ 443,861
Client deposits and related liabilities	(564,153)	(488,078)
Securities owned	46,947	177,210
Securities sold short	(19,192)	(19,246)

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

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

OTHER CONSOLIDATED BALANCES AND CAPITAL STRUCTURE

Income Tax Expense

The Company’s effective income tax rate was 26.4% for the nine months ended September 30, 2011 (nine months ended September 30, 2010 – 26.4%). This effective tax rate is lower than the statutory combined federal and provincial tax rate of 28.3% and can be attributed primarily to non-taxable revenue and realization of certain deferred tax assets at higher tax rates than originally anticipated. The impact of these items on the effective rate is partially offset by non tax-deductible items, including stock based compensation as well as preference share dividends that are classified as interest expense for accounting purposes.

Net Deferred Income Tax Liabilities

The Company’s net deferred income tax liabilities at September 30, 2011 were \$171.4 million, which represent deferred income tax liabilities of \$217.6 million, offset by deferred income tax assets of \$46.2 million. This compares to net deferred income tax liabilities of \$21.3 million at December 31, 2010. The most significant item increasing deferred income tax liabilities during the nine months ended September 30, 2011 was a tax deferred gain of \$138.7 million related to the Company’s divestment of DundeeWealth. Components of the Company’s net deferred income tax liabilities are detailed in Note 29 to the September 2011 Interim Consolidated Financial Statements.

The Company’s aggregate income tax losses at September 30, 2011 were \$136.7 million (December 31, 2010 - \$189.0 million). The Company has recognized \$33.3 million (December 31, 2010 - \$45.3 million) of benefits associated with these tax losses in its deferred income tax balances.

Corporate Debt

	Revolving Term Credit Facilities					Other Real Estate Debt	TOTAL
	\$9.2 million Exchangeable Debentures	\$225 million Corporate	\$80 million Dundee Energy	\$6.1 million Dundee Energy	\$150 million Dundee Realty		
Balance, December 31, 2009	\$ 9,227	\$ -	\$ -	\$ -	\$ 75,408	\$ 86,597	\$ 171,232
Revolving term credit facilities	-	-	62,371	-	10,592	-	72,963
Changes in real estate debt	-	-	-	-	-	4,470	4,470
Unrealized revaluation adjustment	132	-	-	-	-	-	132
Other	59	-	-	-	-	-	59
Balance, December 31, 2010	\$ 9,418	\$ -	\$ 62,371	\$ -	\$ 86,000	\$ 91,067	\$ 248,856
Acquired in business combinations	-	-	-	1,429	-	-	1,429
Revolving term credit facilities	-	194,116	(4,801)	(281)	(9,000)	-	180,034
Changes in real estate debt	-	-	-	-	-	13,960	13,960
Debentures submitted for exchange	(363)	-	-	-	-	-	(363)
Unrealized revaluation adjustment	473	-	-	-	-	-	473
Other	39	-	-	-	-	-	39
Balance, September 30, 2011	\$ 9,567	\$ 194,116	\$ 57,570	\$ 1,148	\$ 77,000	\$ 105,027	\$ 444,428

Corporate Revolving Term Credit Facilities – During the third quarter of 2011, the Company increased the borrowing amounts available pursuant to its revolving term credit facility maturing November 11, 2011 from \$200 million to \$325 million. The increase facilitated part of the acquisition of units of Dundee International REIT pursuant to its initial public offering and it provided the funding required for the Company’s sub-participation in the International REIT Credit Facility (see “*Recent Developments – Initial Public Offering by Dundee International Real Estate Investment Trust*”). As was required pursuant to the terms of the increase in the borrowing availability, in September 2011, the Company applied \$100 million of the proceeds received from its divestment of Breakwater (see “*Recent Developments – Divestment of Breakwater Resources Ltd.*”) to repay amounts drawn against the credit facility, and borrowing amounts available pursuant to the credit facility were reduced to \$225 million at September 30, 2011.

Subsequent to September 30, 2011, the Company entered into an amended and restated credit agreement for borrowings up to \$325 million (the “Amended Credit Facility”). The Amended Credit Facility replaces the previously existing credit facility. The Amended Credit Facility includes a \$225 million revolving credit amount, which matures on November 11, 2012. In addition, the Amended Credit Facility includes a \$100 million amount that may only be drawn in specific circumstances, including amounts required to fund a substantial issuer bid. The \$100 million amount, if drawn, will require a repayment of \$75 million by March 30, 2012 and a further \$25 million by June 29, 2012. At November 14, 2011, the Company had drawn \$42.8 against the \$100 million credit amount, the proceeds of which were used to fund the Company’s Bid (see “*Recent Developments – Substantial Issuer Bid*”). The \$100 million amount will expire on June 29, 2012.

5.85% Exchangeable Unsecured Subordinated Debentures — The terms of the Company’s exchangeable debentures provide for the exchange, at the option of the holder, of \$1,000 exchangeable debenture for 33.6134 units of Dundee REIT, subject to certain conditions. The Company has placed a certain number of units of Dundee REIT into an escrow arrangement established for the purpose of satisfying any potential obligation pursuant to the terms of the exchangeable debentures. During the nine months ended September 30, 2011, debenture holders tendered \$0.4 million of exchangeable debentures and received 12,199 units of Dundee REIT on the exchange. The Company’s exchangeable debentures mature on June 30, 2015.

Debt of Subsidiaries

A more detailed discussion of corporate debt in each of the Company’s business segments is presented under “*Segmented Results of Operations – Changes in Financial Condition*”.

Share Capital

As at September 30, 2011, there were 61,729,404 Subordinate Shares and 3,116,964 Class B common shares outstanding. During the nine months ended September 30, 2011, the Company purchased and cancelled 5,826,148 Subordinate Shares at a cost of \$141.6 million pursuant to the terms of its normal course issuer bid.

Subsequent to September 30, 2011, the Company purchased and cancelled 10 million Subordinate Shares pursuant to its Bid (see “Recent Developments – Substantial Issuer Bid”). At November 14, 2011, there were 51,729,944 Subordinate Shares and 3,116,927 Class B common shares outstanding.

As at September 30, 2011, the Company had granted 1,530,000 options with a weighted average exercise price of \$8.72, of which 741,000 were exercisable, as holders had met the vesting criteria.

6,000,000 5.00% Cumulative Redeemable First Preference Shares, Series 1 (“Preference shares, series 1”)

At September 30, 2011, the Company had 6 million Preference shares, series 1 outstanding. The Preference shares, series 1 are generally non-voting except in limited circumstances, and they entitle the holder to a fixed preferential cumulative dividend at the rate of 5% per annum, payable quarterly.

The terms of the Preference shares, series 1 permit the Company to redeem the shares at any time at a redemption price that declines over time to \$25.00 per share if the shares are redeemed after June 30, 2015 (the “Redemption Price Schedule”). The Company also has the right to convert the Preference shares, series 1 to Subordinate Shares on the basis of one Preference share, series 1 for that number of Subordinate Shares that is equal to the redemption price in accordance with the Redemption Price Schedule, divided by the current market price of the Subordinate Shares, determined in accordance with a formula. The Company may repurchase the Preference shares, series 1 for cancellation, either in the open market or through a private transaction. The Preference shares, series 1 are retractable by shareholders after June 30, 2016 at a price of \$25.00 per Preference share, series 1.

In accordance with IFRS, certain terms of the Preference shares, series 1 require that they be classified as debt rather than equity. Accordingly, dividends on the Preference shares, series 1, which aggregated \$5.6 million in the nine months ended September 30, 2011, are included as interest expense on the consolidated statements of operations, on an accrual basis.

5,200,000 6.75% Cumulative Redeemable First Preference Shares, Series 2 (“Preference shares, series 2”)

The Company had 5.2 million 6.75% cumulative 5-year rate reset first preference shares outstanding at September 30, 2011. The Preference shares, series 2 were issued at a price of \$25.00 per share and are entitled to a fixed cumulative preferential cash dividend payable quarterly on the last day of March, June, September and December in each year for the initial five-year period. The Company paid dividends of \$6.6 million on Preference shares, series 2 in the nine months ended September 30, 2011.

Holders of the 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

At September 30, 2011, there were no Preference shares, series 3 outstanding. Holders of Preference shares, series 3, if, as and when issued, may convert their interest in the Preference shares, series 3 into Preference shares, series 2, on a one-for-one basis on September 30, 2019 and on every fifth year thereafter.

The Preference shares, series 3, when issued, will pay quarterly to holders thereof, a cumulative floating rate dividend based on the applicable three month Government of Canada T-Bill rate plus 4.10%.

The Company has the right to redeem the Preference shares, series 3 on September 30, 2019 and on September 30 every fifth year thereafter by payment of an amount in cash of \$25.00 per share, together with accrued and unpaid dividends. The Company may, after September 30, 2014, redeem the Preference shares, series 3 at any other time for \$25.50 per share.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

Cash and Cash Equivalents

As at September 30, 2011, cash and cash equivalents from continuing operations were \$155.9 million compared with \$131.8 million at December 31, 2010.

Regulatory Capital Requirements

Dundee Capital Markets' brokerage subsidiaries function in regulated environments and are therefore required to maintain levels of capital in liquid assets in accordance with regulatory requirements. The amount of capital that exists within these regulated entities may dictate the level of business operations, including margin lending, securities trading and corporate finance commitments. Furthermore, the ability to transfer cash resources, which, at September 30, 2011, were \$122.4 million, out of these regulated subsidiaries may be limited by their requirement to comply with regulatory capital requirements.

As a registered portfolio manager and exempt market dealer across Canada and an investment fund manager in the province of Ontario, NGIC is also required to maintain minimum capital as prescribed by regulation. At September 30, 2011 and 2010, all of the Company's regulated subsidiaries exceeded their minimum regulatory capital requirements.

Significant Sources and Uses of Cash and Cash Equivalents

The Company had net cash inflows from continuing operations during the nine months ended September 30, 2011 of \$26.3 million (September 30, 2010 – \$24.4 million net cash inflows). Significant cash flow items from continuing operations are as follows:

Significant Cash Flows from Operating Activities – Continuing Operations

<i>For the nine months ended September 30,</i>	2011	2010
Operating activities:		
Net earnings, net of non-cash items	\$ 49,940	\$ 31,764
Changes in balances relating to investment dealer activities	73,699	34,849
Changes in real estate working capital	16,357	36,464
Changes in other working capital amounts	(28,657)	5,205
Changes in income taxes payable	(9,141)	29,759
Cash provided from operating activities	\$ 102,198	\$ 138,041

- As previously noted, the effect of changes in balances related to investment dealer activities, including client account balances and securities owned and sold short, will vary significantly on a day-to-day basis. During the nine months ended September 30, 2011, these balances resulted in net cash inflows of \$73.7 million (nine months ended September 30, 2010 – \$34.8 million net cash inflows). Changes in cash resulting from these types of transactions may not necessarily reflect any meaningful change in the Company's financial position, or that of its subsidiaries.
- Real estate cash flows are mainly project driven. During the nine months ended September 30, 2011, Dundee Realty generated working capital of \$16.4 million (nine months ended September 30, 2010 - \$36.5 million) from operating activities.

Significant Cash Flows Used In Investing Activities – Continuing Operations

<i>For the nine months ended September 30,</i>	2011	2010
Investing activities:		
Net (investments) dispositions of direct investments	\$ (248,317)	\$ 68,447
Dividends received from discontinued operations	155,982	-
Dividends received from equity accounted investment	10,335	-
Net investment in real estate operations	(17,196)	(46,950)
Net investment in resource properties	(14,337)	(134,626)
Other investment activities	(4,593)	(4,305)
Cash used in investing activities	\$ (118,126)	\$ (117,434)

- Cash required or derived from trading in the Company's portfolio of AFS securities or equity investments will vary from period-to-period and are dependent on trading activity and strategies that may evolve in response to global market conditions or otherwise. In the nine months ended September 30, 2011, the Company invested a net \$248.3 million in direct investments. During the same period of the prior year, the Company had withdrawn \$68.4 million on a net basis from these types of activities.
- In connection with the divestment of each of DundeeWealth and Breakwater, the Company received a final dividend of \$156.0 million and \$10.3 million, respectively.
- Net real estate acquisitions and development activities, other than for housing and condominium inventory referred to above, required cash of \$17.2 million in the nine months ended September 30, 2011 compared with \$47.0 million in the nine months ended September 30, 2010.
- Net investment in resource properties was \$14.3 million in the nine months ended September 30, 2011 and included \$7.1 million required to complete the acquisition of Torque. In the same period of the prior year, the Company invested \$134.6 million in resource properties, including \$133.2 million in connection with DELP's acquisition.

Significant Cash Flows from Financing Activities - Continuing Operations

<i>For the nine months ended September 30,</i>	2011	2010
Financing activities:		
Acquisition of Class A subordinate shares, net of costs	\$ (141,588)	\$ (56,455)
Dividends paid on Preference shares, series 2	(6,580)	(6,580)
Changes in corporate debt	190,758	65,522
Dividends paid by subsidiaries to non-controlling interest	-	(5,373)
Other financing activities	(396)	6,728
Cash provided from financing activities	\$ 42,194	\$ 3,842

- During the nine months ended September 30, 2011, the Company purchased 5,826,148 Subordinate Shares (nine months ended September 30, 2010 – 4,277,400 Subordinate Shares) for cancellation under its normal course issuer bid at an aggregate cost of \$141.6 million (nine months ended September 30, 2010 - \$56.5 million).
- During the nine months ended September 30, 2011, the Company paid dividends of \$6.6 million (nine months ended September 30, 2010 – \$6.6 million) on outstanding Preference shares, series 2. The Company has not paid a dividend on its Subordinate Shares or on its Class B Common Shares.
- Net amounts borrowed pursuant to corporate debt facilities during the nine months ended September 30, 2011, were \$190.8 million (nine months ended September 30, 2010 – \$65.5 million), a significant amount of which was used to fund the Company's purchase and cancellation of Subordinate Shares under its normal course issuer bid.
- The Company's subsidiaries paid dividends to non-controlling interests during the nine months ended September 30, 2010 of \$5.4 million.

Cash Requirements

The Company's capital management and funding objectives include ensuring that the Company is compliant with all of its ongoing obligations, including compliance with all applicable debt covenants, and ensuring that the Company is able to meet its financial obligations as they become due. In determining its capital allocation, the Company considers relevant regulatory capital requirements in order to effectively manage its capital markets business, the use of capital to develop the land and housing

business in the real estate segment and resources required for the exploration, evaluation and development activities in the resource segment. The Company's capital management objectives also include ensuring that it has sufficient capital available to benefit from acquisitions and other opportunities, should they arise, and ensuring adequate returns for shareholders. The Company regularly assesses the allocation of its capital resources in response to changing economic conditions.

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

The real estate segment requires working capital to finance development of planned land and housing and condominium projects. The revolving term credit facility of \$150 million in the real estate segment provides increased flexibility to operate this business efficiently. As well, Dundee Energy requires working capital to finance planned capital expenditures and development activities for the upcoming year. The demand revolving credit facilities of \$86.1 million provides Dundee Energy with the necessary cash flows to undertake its planned work programs.

On a consolidated basis, the Company believes that operating cash flows, combined with available lines of credit, provide sufficient cash resources for the Company to conduct its operations for the foreseeable future.

STATEMENTS OF SEGMENTED RESULTS OF OPERATIONS THIRD QUARTER

							2011
<i>For the three months ended September 30, 2011</i>	Real Estate	Resource	Asset Management	Capital Markets	Intersegment	TOTAL	
REVENUES							
Management fees	\$ -	\$ -	\$ 11,645	\$ 4,532	\$ (1,335)	\$ 14,842	
Financial services	-	-	435	15,957	-	16,392	
Real estate revenue	84,252	-	-	-	-	84,252	
Oil and gas revenue, net	-	8,757	-	-	-	8,757	
Investment income (loss)	1	(74)	13,396	(328)	(656)	12,339	
	<u>84,253</u>	<u>8,683</u>	<u>25,476</u>	<u>20,161</u>	<u>(1,991)</u>	<u>136,582</u>	
EXPENSES							
Variable compensation	-	-	-	10,099	-	10,099	
Operating costs, real estate	63,089	-	-	-	(838)	62,251	
Operating costs, oil and gas	-	4,757	-	-	-	4,757	
Depreciation and depletion	519	3,850	593	223	-	5,185	
Selling, general and administrative	(1,479)	3,056	15,299	11,383	(497)	27,762	
	<u>62,129</u>	<u>11,663</u>	<u>15,892</u>	<u>21,705</u>	<u>(1,335)</u>	<u>110,054</u>	
OPERATING EARNINGS (LOSS)	22,124	(2,980)	9,584	(1,544)	(656)	26,528	
OTHER ITEMS IN EARNINGS							
Share of earnings from equity accounted investments	5,667	10,068	-	-	-	15,735	
Gain on sale of equity accounted investment	-	95,561	-	-	-	95,561	
Share of losses from real estate joint ventures	(307)	-	-	-	-	(307)	
Risk management gain	-	1,486	-	-	-	1,486	
Fair value (loss) gain	502	(136)	(11,424)	-	-	(11,058)	
Interest expense	(2,785)	(1,114)	(2,845)	-	656	(6,088)	
Foreign exchange gain (loss)	-	257	(177)	-	-	80	
	<u>3,077</u>	<u>106,122</u>	<u>(14,446)</u>	<u>-</u>	<u>656</u>	<u>95,409</u>	
NET EARNINGS (LOSS) BEFORE NON-SEGMENTED ITEMS	25,201	103,142	(4,862)	(1,544)	-	121,937	
NON-SEGMENTED ITEMS							
Income taxes	-	-	-	-	-	29,977	
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	25,201	103,142	(4,862)	(1,544)	-	91,960	
DISCONTINUED OPERATIONS							
Loss, net of taxes and non-controlling interest	-	-	-	-	-	-	
Gain on sale of discontinued operations, net of taxes	-	-	-	-	-	-	
NET EARNINGS (LOSS) FOR THE PERIOD	\$ 25,201	\$ 103,142	\$ (4,862)	\$ (1,544)	\$ -	\$ 91,960	
NET EARNINGS (LOSS) ATTRIBUTABLE TO:							
Owners of the parent	\$ 20,407	\$ 104,039	\$ (4,862)	\$ (971)	\$ -	\$ 88,636	
Non-controlling interest	4,794	(897)	-	(573)	-	3,324	
	<u>\$ 25,201</u>	<u>\$ 103,142</u>	<u>\$ (4,862)</u>	<u>\$ (1,544)</u>	<u>\$ -</u>	<u>\$ 91,960</u>	

							2010
<i>For the three months ended September 30, 2010</i>	Real Estate	Resource	Asset Management	Capital Markets	Intersegment	TOTAL	
REVENUES							
Management fees	\$ -	\$ -	\$ 5,938	\$ 3,496	\$ (1,126)	\$ 8,308	
Financial services	-	-	689	29,766	-	30,455	
Real estate revenue	123,350	-	-	-	-	123,350	
Oil and gas revenue, net	-	8,179	-	-	-	8,179	
Investment income	-	22	1,469	273	(703)	1,061	
	<u>123,350</u>	<u>8,201</u>	<u>8,096</u>	<u>33,535</u>	<u>(1,829)</u>	<u>171,353</u>	
EXPENSES							
Variable compensation	-	-	-	12,372	-	12,372	
Operating costs, real estate	92,062	-	-	-	(765)	91,297	
Operating costs, oil and gas	-	2,793	-	-	-	2,793	
Depreciation and depletion	590	3,179	589	278	-	4,636	
Selling, general and administrative	1,721	1,803	7,510	10,939	(361)	21,612	
	<u>94,373</u>	<u>7,775</u>	<u>8,099</u>	<u>23,589</u>	<u>(1,126)</u>	<u>132,710</u>	
OPERATING EARNINGS (LOSS)	28,977	426	(3)	9,946	(703)	38,643	
OTHER ITEMS IN EARNINGS							
Share of earnings from equity accounted investments	3,579	17,908	-	-	-	21,487	
Share of losses from real estate joint ventures	(171)	-	-	-	-	(171)	
Fair value loss	(115)	(25)	-	-	-	(140)	
Interest expense	(3,105)	(1,088)	(1,398)	(7)	703	(4,895)	
Foreign exchange (loss) gain	-	41	(53)	-	-	(12)	
	<u>188</u>	<u>16,836</u>	<u>(1,451)</u>	<u>(7)</u>	<u>703</u>	<u>16,269</u>	
NET EARNINGS (LOSS) BEFORE NON-SEGMENTED ITEMS	29,165	17,262	(1,454)	9,939	-	54,912	
NON-SEGMENTED ITEMS							
Income taxes	-	-	-	-	-	11,435	
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	29,165	17,262	(1,454)	9,939	-	43,477	
DISCONTINUED OPERATIONS							
Earnings, net of taxes and non-controlling interest	-	-	-	-	-	9,391	
NET EARNINGS (LOSS) FOR THE PERIOD	\$ 29,165	\$ 17,262	\$ (1,454)	\$ 9,939	\$ -	\$ 52,868	
NET EARNINGS (LOSS) ATTRIBUTABLE TO:							
Owners of the parent	\$ 22,494	\$ 17,558	\$ (1,454)	\$ 6,388	\$ -	\$ 42,942	
Non-controlling interest	6,671	(296)	-	3,551	-	9,926	
	<u>\$ 29,165</u>	<u>\$ 17,262</u>	<u>\$ (1,454)</u>	<u>\$ 9,939</u>	<u>\$ -</u>	<u>\$ 52,868</u>	

SEGMENTED RESULTS OF OPERATIONS

Three months ended September 30, 2011 compared with the three months ended September 30, 2010

REAL ESTATE SEGMENT

Margins from Real Estate Operations

During the third quarter of 2011, real estate operations generated contribution margins of \$21.2 million or 25.1% on revenues of \$84.3 million. This compares with margins of \$31.3 million or 25.4% on revenues of \$123.4 million in the same quarter of 2010.

Components of Real Estate Operations*	Three months to September 30, 2011				Three months to September 30, 2010			
	Revenue	Costs	Margin	% Margin	Revenue	Costs	Margin	% Margin
Inventory								
Land under development	\$ 51,130	\$ 33,238	\$ 17,892	35.0%	\$ 86,237	\$ 57,206	\$ 29,031	33.7%
Housing	24,720	21,217	3,503	14.2%	22,593	18,965	3,628	16.1%
Condominiums	284	1,585	(1,301)	(458.1%)	7,546	10,198	(2,652)	(35.1%)
Investment properties	1,564	929	635	40.6%	1,411	599	812	57.5%
Income-producing properties	5,438	6,120	(682)	(12.5%)	4,421	5,094	(673)	(15.2%)
Other	1,116	-	1,116	N/A	1,142	-	1,142	N/A
	\$ 84,252	\$ 63,089	\$ 21,163	25.1%	\$ 123,350	\$ 92,062	\$ 31,288	25.4%

* Excludes selling, general and administrative expenses, interest expense and amortization

Revenue from land sales in the third quarter of 2011 was \$51.1 million generating operating profits of \$17.9 million or 35.0%. This compares with revenues of \$86.2 million generating operating profits of \$29.0 million or 33.7% in the same quarter of 2010. Consistent with year-to-date results, operating profits decreased by \$11.1 million in the current quarter, reflecting lower lot and parcel sales in western Canada compared to the third quarter of 2010.

Dundee Realty sold 421 lots at an average selling price of \$107,000 per lot in the third quarter of 2011, compared to 702 lots at an average selling price of \$119,000 per lot in the same period of 2010. In addition, Dundee Realty sold 15 parcel acres at an average price of \$469,000 per acre in the current quarter compared to 33 parcel acres sales at \$498,000 per acre in the same quarter of 2010.

Revenue from sales of housing units increased by \$2.1 million in the third quarter of 2011, to \$24.7 million. Dundee Realty sold 73 single-family homes in western Canada during the third quarter at an average cost of \$409,000 per home. This compares favourably with 55 homes sold in the third quarter of the prior year, where homes were sold at an average price of \$396,000. Offsetting these increased volumes is a winding down of sales in the joint venture housing project in Toronto where six homes were sold in the third quarter of 2011, compared with 59 home closings in the third quarter of the prior year.

Revenue from sales of condominium units decreased by \$7.3 million from the third quarter of the prior year, to \$0.3 million in the current quarter. As noted previously, certain real estate revenues, and condominium projects in particular are project driven. Higher revenues earned in the third quarter of 2010 include sales realized from condominium units in a Toronto-based project, which has been winding down throughout the first three quarters of 2011.

Income-producing properties include Dundee Realty's investment in certain ski resorts. These assets generate minimal revenues and generally incur losses relating to ongoing maintenance during the summer down period.

Equity Earnings in the Real Estate Segment

Equity earnings in the real estate segment were \$5.7 million in the third quarter of 2011 compared with \$3.6 million in the same period of the prior year. Equity earnings in the current quarter include \$4.9 million earned from the Company's 8% interest in Dundee REIT and \$0.8 million earned from the Company's 29% interest in Dundee International REIT.

RESOURCE SEGMENT

The resource segment generated net earnings of \$103.1 million in the third quarter of 2011, compared with earnings of \$17.3 million in the same period of 2010. As previously indicated, included in net earnings for the three months ended September 30, 2011, is a pre-tax gain of \$95.6 million in respect of the Company's divestment of Breakwater. The Company's share of earnings from its resource-based equity accounted investments was \$10.1 million in the third quarter of 2011, compared with earnings of \$17.9 million in the same period of 2010.

Oil and Gas Revenue

	Three months ended September 30, 2011			Three months ended September 30, 2010		
	Oil and Gas			Oil and Gas		
	Aggregate Sales Volume / day	Revenue (net) (\$000's)	Realized Prices (\$ / unit)	Aggregate Sales Volume / day	Revenue (net) (\$000's)	Realized Prices (\$ / unit)
Natural gas (mcf/d)	10,815	3,827	4.58	10,453	4,115	5.08
Oil (bbls/d)	723	4,823	89.51	683	4,004	76.38
Liquids (bbls/d)	24	107	58.42	15	60	50.75
Total (boe/d)	2,549	8,757	44.28	2,441	8,179	43.43
Benchmark Prices						
Dawn Hub (US\$/GJ)			4.41			4.60
West Texas Intermediate (WTI) (US\$/bbl)			89.64			76.06

During the third quarter of the current year, Dundee Energy earned net revenues of \$8.8 million from oil and gas sales associated with the Southern Ontario Assets. The increase is partially a result of improved volumes following significant drilling and workover activity undertaken in the third quarter of the current year. Also impacting oil and gas revenues is improved realized prices for oil, partially offset by a decline in the price of natural gas on a comparative period basis.

Operating Costs, Oil and Gas

A large part of Dundee Energy's field operations are conducted on or near Lake Erie. As these operations are limited during the winter months, the majority of repair and maintenance and capital expenditure programs are conducted throughout the third and fourth quarters of each year. This seasonality is reflected in increased production expenditures in the current quarter compared to previous reporting periods.

Field Level Cash Flows and Field Netbacks

	Three months ended September 30, 2011				From commencement of operations on June 29, 2010 to September 30, 2010			
	Oil and Liquids	Natural Gas	Per Unit Oil and Liquids (bbls)	Natural Gas (Mcf)	Oil and Liquids	Natural Gas	Per Unit Oil and Liquids (bbls)	Natural Gas (Mcf)
Oil and gas revenue	\$ 4,930	\$ 3,827	\$ 74.28	\$ 3.89	\$ 4,064	\$ 4,115	\$ 63.25	\$ 4.27
Operating costs	(1,952)	(2,805)	(29.42)	(2.85)	(1,115)	(1,678)	(17.36)	(1.74)
Field Netbacks	\$ 2,978	\$ 1,022	\$ 44.86	\$ 1.04	\$ 2,949	\$ 2,437	\$ 45.89	\$ 2.53

Field level cash flows in the third quarter of 2011 were \$4.0 million, a decrease of 26% from field level cash flows generated in the third quarter of the prior year. The decline reflects increased production expenditures during the peak summer operating season as previously discussed. As DELP's acquisition was only completed late in the second quarter of the prior year, Dundee Energy's work programs were deferred until the current year in order to develop a better understanding of required capital and operating expenditures.

CAPITAL MARKETS SEGMENT

<i>For the three months ended September 30,</i>	2011	2010
<i>Revenues</i>		
Financial services		
Investment banking	\$ 5,558	\$ 11,249
Commissions	9,488	9,485
Principal trading	(2,856)	8,097
Foreign exchange trading	3,767	935
	15,957	29,766
Management fees	4,532	3,496
Investment (loss) income	(328)	273
	20,161	33,535
<i>Expenses</i>		
Variable compensation	10,099	12,372
Depreciation	223	278
Selling, general and administrative	11,383	10,939
	21,705	23,589
<i>Operating (loss) earnings</i>	\$ (1,544)	\$ 9,946
Interest expense	-	(7)
<i>Net (loss) earnings attributable to the capital markets segment</i>	\$ (1,544)	\$ 9,939

During the third quarter of 2011, pre-tax losses attributable to the capital markets division were \$1.5 million compared with pre-tax earnings of \$9.9 million earned in the third quarter of 2010. The decrease is reflective of current economic concerns, which eroded investor confidence and adversely affected asset prices.

Contribution Margins

<i>For the three months ended September 30,</i>	2011	2010
Financial services revenue	\$ 15,957	\$ 29,766
Variable compensation	(10,099)	(12,372)
	\$ 5,858	\$ 17,394
Contribution margins as a percentage of financial services revenue	37%	58%

Revenues in Dundee Capital Markets decreased to \$20.2 million in the third quarter of 2011 from \$33.5 million in the same period of the prior year. The effect of global economic concerns weighed heavily on investment banking revenues, which decreased by 50% relative to the third quarter of the prior year, and on principal trading activities which incurred losses of \$2.9 million in the third quarter of this year compared with trading gains of \$8.1 million in the same period of the prior year.

During the third quarter of 2011, variable compensation expense was \$10.1 million, resulting in a net contribution margin in the capital markets segment of 37%. This compares with variable compensation expense of \$12.4 million in the third quarter of 2010, resulting in a contribution margin of 58%. Consistent with year-to-date results, the decrease in contribution margins reflects a shift in the components of financial services revenues, with higher revenues being generated in areas that are subject to higher levels of associated compensation.

Management Fees

Management fees earned in the third quarter of 2011 were \$4.5 million, a 30% increase over management fees of \$3.5 million earned in the third quarter of 2010, reflecting higher levels of AUM.

Selling, General and Administrative Expenses

Selling, general and administrative expenses were \$11.4 million in the third quarter of 2011, relatively unchanged from selling, general and administrative expenses of \$10.9 million incurred in the same period of the prior year.

CONSOLIDATED QUARTERLY BUSINESS TRENDS

For the three months ended,	Prepared in accordance with IFRS								Prepared in accordance with Canadian GAAP
	2011			2010					2009
	30-Sept	30-Jun	31-Mar	31-Dec	30-Sep	30-June	31-Mar	31-Dec	
Revenues	\$ 136,582	\$ 123,560	\$ 120,110	\$ 285,150	\$ 171,353	\$ 154,876	\$ 99,383	\$ 121,055	
Net earnings for the period									
Continuing operations	88,636	21,006	14,164	81,159	33,551	35,468	10,288	6,790	
Discontinued operations	-	-	861,158	5,664	9,391	11,430	14,152	3,823	
Total	\$ 88,636	\$ 21,006	\$ 875,322	\$ 86,823	\$ 42,942	\$ 46,898	\$ 24,440	\$ 10,613	

Earnings per share	Prepared in accordance with IFRS								Prepared in accordance with Canadian GAAP
	2011			2010					2009
	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep	30-June	31-Mar	31-Dec	
Basic									
Continuing operations	\$ 1.33	\$ 0.28	\$ 0.17	\$ 1.12	\$ 0.44	\$ 0.45	\$ 0.11	\$ 0.06	
Discontinued operations	-	-	12.34	0.08	0.13	0.16	0.19	0.05	
	\$ 1.33	\$ 0.28	\$ 12.51	\$ 1.20	\$ 0.57	\$ 0.61	\$ 0.30	\$ 0.11	
Diluted									
Continuing operations	\$ 1.29	\$ 0.27	\$ 0.17	\$ 1.09	\$ 0.44	\$ 0.44	\$ 0.11	\$ 0.06	
Discontinued operations	-	-	12.03	0.07	0.12	0.14	0.17	0.05	
	\$ 1.29	\$ 0.27	\$ 12.20	\$ 1.16	\$ 0.56	\$ 0.58	\$ 0.28	\$ 0.11	

- Net earnings in the third quarter of 2011 include a pre-tax gain of \$95.6 million from the divestment of Breakwater.
- Net earnings in the first quarter of 2011 include a gain of \$870.8 million from the divestment of DundeeWealth.
- Performance fee revenue may be earned in each of the Company's capital markets and asset management operations. Performance fees are contingent on the market values of the underlying portfolio at a point in time, generally at the calendar year end, or upon the conclusion of limited partnership arrangements. As these performance fees are recorded in earnings only when these values have been determined with certainty, these operating segments may experience fluctuations in quarter-over-quarter revenues, with peaks generally in the fourth quarter of each year. Performance fees earned in the fourth quarter of 2010 were \$32.7 million (fourth quarter of 2009 - \$9.0 million).
- Real estate operations are project driven. Real estate revenue and associated real estate operating costs are only included in operations in periods when a development project is completed and sold. Otherwise, these costs are deferred as real estate assets. This may also cause significant fluctuations in net earnings from period-to-period.
- Investment income includes income earned from dispositions of investment holdings. Investment gains or losses are only recorded when the Company disposes of an investment. Therefore, the Company may experience significant quarterly fluctuations in these amounts, depending on when it actually effects a disposition.
- The Company's share of earnings from equity accounted investments is included in net earnings for each quarter. Earnings from each equity accounted investment and dilution gains and losses from these investments may fluctuate significantly from period-to-period and may depend on market forces or other operating conditions that are not necessarily under the Company's direct control.

COMMITMENTS AND CONTINGENCIES

Dundee Capital Markets and certain of its predecessors have participated in underwriting syndicates in respect of public equity offerings by Sino-Forest Corporation (“Sino-Forest”). As a member of the underwriting syndicates, Dundee Capital Markets understands that it has been effectively named in at least three lawsuits brought by shareholders of Sino-Forest, alleging securities law violations. To date, three claims have been served on Dundee Capital Markets. Dundee Capital Markets believes that allegations against the underwriting syndicates are without merit and plans to vigorously defend itself against the action.

Other than as disclosed above and in the notes to the September 2011 Interim Consolidated Financial Statements, there have been no substantive changes in the description and nature of commitments, contingencies and off-balance sheet arrangements from those described in Note 25 to the 2010 Audited Consolidated Financial Statements and on page 38 of the December 31, 2010 management’s discussion and analysis (“December 2010 MD&A”).

RELATED PARTY TRANSACTIONS

Other than as disclosed in the notes to the September 2011 Interim Consolidated Financial Statements, there have been no significant changes in the nature and scope of related party transactions to those described in Note 27 to the 2010 Audited Consolidated Financial Statements and on page 40 of the December 2010 MD&A.

ACCOUNTING POLICIES AND ESTIMATES

This MD&A is based upon the September 2011 Interim Consolidated Financial Statements of the Company. The September 2011 Interim Consolidated Financial Statements have been prepared in accordance with IFRS. The preparation of these unaudited interim consolidated financial statements requires that the Company make assumptions, estimates and judgements that affect the reported amounts of assets, liabilities, revenues and expenses and the related disclosure of contingent assets and liabilities. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgements about the carrying value of assets and liabilities and the reported amount of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

The significant accounting policies applied in the preparation of the Company’s September 2011 Interim Consolidated Financial Statements and a summary of the significant judgements and estimates made by management in the preparation of its consolidated financial statements are included in Notes 3 and 4 to the unaudited interim consolidated financial statements of the Company as at and for the three months ended March 31, 2011.

CONTROLS AND PROCEDURES

In accordance with the Canadian Securities Administrators’ National Instrument 52-109, the Company has filed certificates signed by the Chief Executive Officer and the Chief Financial Officer certifying that, among other things, the design of disclosure controls and procedures and the design of internal control over financial reporting are adequate as at September 30, 2011.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Company in the reports it files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and reported to management, including the Company’s Chief Executive Officer and Chief Financial Officer, as appropriate, to allow required disclosures to be made in a timely fashion. Based on their evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as of September 30, 2011, the Company’s disclosure controls and procedures were effective.

The Chief Executive Officer and Chief Financial Officer of the Company have also evaluated whether there were changes to the Company's internal control over financial reporting during the three and nine months ended September 30, 2011 that have materially affected, or are reasonably likely to materially affect the Company's internal control over financial reporting. There were no changes identified during their evaluation. Further, the Company has determined that there has been no material change in internal controls over financial reporting as a result of the adoption of IFRS.

MANAGING RISK

The risks faced by the Company are described in the Company's 2011 Annual Information Form under "Risk Factors" which is available on SEDAR at www.sedar.com.

FORWARD LOOKING STATEMENTS

Dundee Corporation's public communications may include written or oral forward looking statements. Statements of this type are included in this MD&A, and may be included in other filings with the Canadian regulators, stock exchanges or in other communications. All such statements constitute forward looking information within the meaning of securities law and are made pursuant to the "safe harbour" provisions of the Securities Act (Ontario) and under equivalent applicable Canadian legislation. Forward looking statements may include, but are not limited to, statements about anticipated future events or results including comments with respect to the Company's objectives and priorities for 2011 and beyond, strategies or further actions with respect to the Company, its products and services, business operations, financial performance and condition. Forward looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions concerning matters that are not historical facts. Such statements are based on current expectations of the Company's management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and those affecting the financial services, real estate and resource industries generally. The forward looking information contained in this MD&A is presented for the purpose of assisting shareholders in understanding business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes.

A number of risks, uncertainties and other factors may cause actual results to differ materially from the forward looking statements contained in this MD&A, including, among other factors, those referenced in the section entitled "Managing Risk" in the Company's Annual Information Form, which include general economic and market conditions; the Company's ability to execute strategic plans and meet its financial obligations; the performance of the Company's principal subsidiaries; the Company's ability to raise additional capital; the ability to create, attract and retain AUM and AUA; risks relating to trading activities and investments; competition faced by the Company; regulation of the Company's businesses; successful integration of the Company with acquired businesses and the realization of any anticipated synergies; risks associated with the Company's real estate and resource businesses and the Company's investment holdings in general, including risks associated with oil and gas and mining exploration, development and production activities, environmental risks, inflation, changes in interest rates, commodity prices and other financial exposures; the availability and adequacy of insurance coverage for the Company and its subsidiaries; maintenance of minimum regulatory capital requirements for certain of the Company's subsidiaries; potential liability of the Company and its subsidiaries under securities laws and for violations of investor suitability requirements; and the ability of the Company and its subsidiaries to attract and retain key personnel. The preceding list is not exhaustive of all possible risk factors that may influence actual results, and is compiled based upon information available as of November 14, 2011.

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

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

INFORMATION CONCERNING DUNDEE CORPORATION

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

Toronto, Ontario
November 14, 2011

DUNDEE CORPORATION
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
(unaudited)

(expressed in thousands of Canadian dollars)

<i>Note</i>	September 30, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	\$ 155,928	\$ 131,814
Accounts receivable	250,771	319,677
Client accounts receivable	9 582,882	443,861
Securities owned	10 47,840	177,210
Available-for-sale securities	11,33 1,732,120	198,482
Equity accounted investments	12 417,057	289,709
Real estate joint venture investments	13 29,979	27,000
Real estate assets	14 437,148	408,926
Resource properties	7,15 176,198	163,163
Capital and other assets	16 43,269	38,977
Assets of discontinued operations held for sale	6 -	1,868,024
TOTAL ASSETS	\$ 3,873,192	\$ 4,066,843
LIABILITIES		
Accounts payable and accrued liabilities	\$ 202,933	\$ 254,861
Client deposits and related liabilities	19 571,482	488,078
Securities sold short	10 19,192	19,246
Income taxes payable	10,000	19,141
Corporate debt	21 444,428	248,856
Preference shares, series 1	23 148,335	148,072
Decommissioning liabilities	20 42,328	33,391
Deferred income tax liabilities	29 171,426	21,263
Liabilities of discontinued operations held for sale	6 -	765,492
	1,610,124	1,998,400
SHAREHOLDERS' EQUITY		
Share capital		
Common shares	24 250,329	273,414
Preference shares, series 2	23 127,068	127,068
Contributed surplus	16,490	9,562
Retained earnings	1,693,355	833,415
Accumulated other comprehensive (loss) income	25 (22,327)	90,195
	2,064,915	1,333,654
NON-CONTROLLING INTEREST		
Continuing operations	198,153	196,972
Discontinued operations	6 -	537,817
	2,263,068	2,068,443
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 3,873,192	\$ 4,066,843

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

DUNDEE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS
(unaudited)

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

	Note	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
		Three months ended		Nine months ended	
		September 30,	September 30,	September 30,	September 30,
		2011	2010	2011	2010
REVENUES					
Management fees	\$	14,842	\$ 8,308	\$ 35,724	\$ 24,298
Financial services		16,392	30,455	74,007	80,499
Real estate revenue		84,252	123,350	194,917	276,324
Oil and gas revenue, net		8,757	8,179	26,359	8,179
Investment income	26	12,339	1,061	49,245	36,312
		136,582	171,353	380,252	425,612
EXPENSES					
Variable compensation		10,099	12,372	43,260	38,001
Operating costs, real estate		62,251	91,297	146,678	206,992
Operating costs, oil and gas		4,757	2,793	10,709	2,793
Depreciation and depletion		5,185	4,636	15,121	7,628
Selling, general and administrative	28	27,762	21,612	97,229	63,719
		110,054	132,710	312,997	319,133
OPERATING EARNINGS		26,528	38,643	67,255	106,479
OTHER ITEMS IN EARNINGS					
Share of earnings from equity accounted investments	12	15,735	21,487	44,605	38,153
Gain on sale of equity accounted investment	12	95,561	-	95,561	-
Share of earnings (loss) from real estate joint ventures		(307)	(171)	155	162
Risk management gain	18	1,486	-	2,034	-
Fair value loss		(11,058)	(140)	(9,873)	(566)
Interest expense		(6,088)	(4,895)	(17,571)	(14,878)
Foreign exchange (loss) gain		80	(12)	(197)	(179)
		95,409	16,269	114,714	22,692
NET EARNINGS BEFORE INCOME TAXES		121,937	54,912	181,969	129,171
Income taxes	29				
Current		5,359	5,898	20,548	43,345
Deferred		24,618	5,537	27,450	(9,211)
		29,977	11,435	47,998	34,134
NET EARNINGS FROM CONTINUING OPERATIONS		91,960	43,477	133,971	95,037
DISCONTINUED OPERATIONS		6			
(Loss) earnings, net of taxes and non-controlling interest		-	9,391	(9,670)	34,973
Gain on sale of discontinued operations, net of taxes		-	-	870,828	-
NET EARNINGS FOR THE PERIOD		\$ 91,960	\$ 52,868	\$ 995,129	\$ 130,010
NET EARNINGS ATTRIBUTABLE TO:					
Owners of the parent		88,636	42,942	984,964	114,280
Non-controlling interest		3,324	9,926	10,165	15,730
		\$ 91,960	\$ 52,868	\$ 995,129	\$ 130,010
NET EARNINGS PER SHARE					
		30			
Basic					
Continuing operations	\$	1.33	\$	0.44	\$ 1.74
Discontinued operations		-	0.13	12.78	0.48
	\$	1.33	\$	0.57	\$ 14.52
Diluted					
Continuing operations	\$	1.29	\$	0.44	\$ 1.69
Discontinued operations		-	0.12	12.43	0.44
	\$	1.29	\$	0.56	\$ 14.12

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

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

(expressed in thousands of Canadian dollars)

	Note	Three months ended		Nine months ended	
		September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
NET EARNINGS FOR THE PERIOD		\$ 91,960	\$ 52,868	\$ 995,129	\$ 130,010
Other comprehensive (loss) income					
Unrealized (loss) gains on available-for-sale securities, net of associated taxes		(174,401)	27,293	(117,534)	48,879
Transfer of unrealized loss (gains) to net earnings, net of associated taxes		34,905	(6,940)	21,048	(7,366)
Unrealized gains from foreign currency translation		12,869	616	8,721	(30,758)
Share of other comprehensive (loss) income from equity accounted investments, net of associated taxes		(3,217)	(164)	(2,180)	2,829
Transfer of unrealized comprehensive loss from equity accounted investment to net earnings, net of associated taxes		606	271	63	101
Other comprehensive (loss) income from continuing operations		(5,400)	3,998	(13,084)	10,470
Other comprehensive (loss) income from discontinued operations, net of non-controlling interests and net of associated taxes	6	827	(1,015)	2,404	(2,675)
Transfer of other comprehensive income from discontinued operations to net earnings, net of non-controlling interest and net of associated taxes		3,806	-	3,806	-
Total other comprehensive (loss) income		(952)	-	(952)	-
Other comprehensive (loss) income from discontinued operations, net of non-controlling interests and net of associated taxes		(130,957)	24,059	(97,708)	21,480
Transfer of other comprehensive income from discontinued operations to net earnings, net of non-controlling interest and net of associated taxes		-	9,553	(7,067)	(3,555)
Total other comprehensive (loss) income		-	(3,930)	3,061	1,390
Total other comprehensive (loss) income		(130,957)	29,682	(114,860)	19,315
COMPREHENSIVE INCOME (LOSS) FOR THE PERIOD		\$ (38,997)	\$ 82,550	\$ 880,269	\$ 149,325
COMPREHENSIVE INCOME (LOSS) ATTRIBUTABLE TO:					
Owners of the parent		(41,594)	72,608	872,442	133,807
Non-controlling interest		2,597	9,942	7,827	15,518
		\$ (38,997)	\$ 82,550	\$ 880,269	\$ 149,325

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

DUNDEE CORPORATION

CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

(unaudited)

(expressed in thousands of Canadian dollars)

	Attributable to Owners of the Parent						Non-controlling Interest	Total
	Common Shares	Preference Shares, Series 2	Contributed Surplus	Retained Earnings	Accumulated			
					Comprehensive (Loss) Income	Other		
Balance, January 1, 2010	\$ 289,207	\$ 127,085	\$ 8,493	\$ 681,623	\$ 35,264	\$ 648,297	\$ 1,789,969	
For the nine months ended September 30, 2010								
Net earnings, continuing operations	-	-	-	79,307	-	15,730	95,037	
Net earnings, discontinued operations	-	-	-	34,973	-	37,478	72,451	
Other comprehensive income, continuing operations	-	-	-	-	21,692	(212)	21,480	
Other comprehensive loss, discontinued operations	-	-	-	-	(2,165)	(2,259)	(4,424)	
Acquisition of Class A subordinate shares for cancellation	(17,060)	-	-	(39,395)	-	-	(56,455)	
Issuance of Class A subordinate shares for non-cash consideration	53	-	-	-	-	-	53	
Issuance of Class A subordinate shares for cash	52	-	-	-	-	-	52	
Issue costs	-	(17)	-	-	-	-	(17)	
Dividends on Preference shares, series 2	-	-	-	(6,580)	-	-	(6,580)	
Stock based compensation	-	-	1,569	-	-	-	1,569	
Dividends paid to non-controlling interest	-	-	-	-	-	(18,449)	(18,449)	
Changes of ownership interest in subsidiaries	-	-	(3,823)	-	-	20,147	16,324	
Exercise of options	1,326	-	-	-	-	-	1,326	
Balance, September 30, 2010	273,578	127,068	6,239	749,928	54,791	700,732	1,912,336	
From October 1, 2010 to December 31, 2010								
Net earnings, continuing operations	-	-	-	81,159	-	23,093	104,252	
Net earnings, discontinued operations	-	-	-	5,664	-	6,351	12,015	
Other comprehensive income, continuing operations	-	-	-	-	31,835	(254)	31,581	
Other comprehensive income, discontinued operations	-	-	-	-	3,569	3,863	7,432	
Acquisition of Class A subordinate shares for cancellation	(293)	-	-	(1,166)	-	-	(1,459)	
Issuance of Class A subordinate shares for non-cash consideration	17	-	-	-	-	-	17	
Issuance of Class A subordinate shares for cash	18	-	-	-	-	-	18	
Dividends on Preference shares, series 2	-	-	-	(2,195)	-	-	(2,195)	
Stock based compensation	-	-	621	-	-	-	621	
Exercise of options	94	-	(28)	-	-	-	66	
Dividends paid to non-controlling interest	-	-	-	-	-	(7,938)	(7,938)	
Changes of ownership interest in subsidiaries	-	-	2,730	-	-	8,942	11,672	
Realized actuarial gains from equity accounted investments	-	-	-	25	-	-	25	
Balance, December 31, 2010	273,414	127,068	9,562	833,415	90,195	734,789	2,068,443	
For the nine months ended September 30, 2011								
Net earnings, continuing operations	-	-	-	123,806	-	10,165	133,971	
Net loss, discontinued operations	-	-	-	(9,670)	-	(10,330)	(20,000)	
Gain on sale of discontinued operations	-	-	-	870,828	-	(515,425)	355,403	
Other comprehensive loss, continuing operations	-	-	-	-	(95,370)	(2,338)	(97,708)	
Other comprehensive loss, discontinued operations	-	-	-	-	(17,152)	(18,421)	(35,573)	
Acquisition of Class A subordinate shares for cancellation	(23,222)	-	-	(118,366)	-	-	(141,588)	
Issuance of Class A subordinate shares for non-cash consideration	53	-	-	-	-	-	53	
Issuance of Class A subordinate shares for cash	52	-	-	-	-	-	52	
Dividends on Preference shares, series 2	-	-	-	(6,580)	-	-	(6,580)	
Stock based compensation	-	-	1,671	-	-	-	1,671	
Exercise of options	32	-	(4)	-	-	-	28	
Changes of ownership interest in subsidiaries	-	-	(239)	-	-	(287)	(526)	
Share incentive arrangements	-	-	5,500	-	-	-	5,500	
Realized actuarial losses from equity accounted investments	-	-	-	(78)	-	-	(78)	
Balance, September 30, 2011	\$ 250,329	\$ 127,068	\$ 16,490	\$ 1,693,355	\$ (22,327)	\$ 198,153	\$ 2,263,068	

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

DUNDEE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOW
(unaudited)

(expressed in thousands of Canadian dollars)

	Note	September 30, 2011	September 30, 2010
OPERATING ACTIVITIES:			
Net earnings for the period	\$	995,129	\$ 130,010
Adjusted for: net loss (earnings) from discontinued operations		9,670	(34,973)
Non-cash items:			
Gain on sale of discontinued operations	6	(870,828)	-
Gain on sale of equity accounted investment		(95,561)	-
Net investment gains		(2,714)	(30,712)
Depreciation and depletion		15,121	7,628
Share of earnings from equity accounted investments		(44,605)	(38,153)
Share of earnings from real estate joint ventures		(155)	(162)
Fair value loss		9,873	566
Unrealized risk management gain		(1,661)	-
Deferred income taxes		27,450	(9,211)
Stock based compensation		2,404	1,675
Other		5,817	5,096
		49,940	31,764
Changes in:			
Accounts receivable		9,157	2,169
Accounts payable and accrued liabilities		(37,814)	3,036
Bank indebtedness		-	(4,821)
Income taxes payable		(9,141)	29,759
Securities owned and sold short, net		129,316	23,327
Client accounts receivable, net of client deposits and related liabilities		(55,617)	16,343
Land, housing and condominium inventory		(32,748)	66,672
Other real estate working capital		49,105	(30,208)
Cash provided from operating activities - continuing operations		102,198	138,041
Cash provided from operating activities - discontinued operations		37,617	167,380
CASH PROVIDED FROM OPERATING ACTIVITIES		139,815	305,421
INVESTING ACTIVITIES:			
Net investment in real estate assets		(13,886)	(46,950)
Net investment in real estate joint ventures		(3,310)	-
Net investment in resource properties		(7,666)	(1,388)
Reclamation expenditures		(659)	-
Acquisition of resource properties	7	(6,012)	(133,238)
Proceeds from dispositions of portfolio investments		201,679	143,035
Acquisitions of portfolio investments		(449,996)	(74,588)
Dividends received from equity accounted investment	12	10,335	-
Dividends received from discontinued operations	6	155,982	-
Net changes in capital and other assets		(4,593)	(4,305)
Cash used in investing activities - continuing operations		(118,126)	(117,434)
Cash used in investing activities - discontinued operations		(15,637)	(92,018)
CASH USED IN INVESTING ACTIVITIES		(133,763)	(209,452)
FINANCING ACTIVITIES:			
Change in corporate debt		190,758	65,522
Issuance of Class A subordinate shares, net of issue costs		80	1,378
Acquisition of Class A subordinate shares, net of costs	24	(141,588)	(56,455)
Net (cancellation) issuance of shares by subsidiaries to non-controlling interest		(476)	5,350
Dividends paid on Preference shares, series 2		(6,580)	(6,580)
Dividends paid by subsidiaries to non-controlling interest		-	(5,373)
Cash provided from financing activities - continuing operations		42,194	3,842
Cash used in financing activities - discontinued operations		(135,273)	(17,046)
CASH USED IN FINANCING ACTIVITIES		(93,079)	(13,204)
NET (DECREASE) INCREASE IN CASH DURING THE PERIOD		(87,027)	82,765
Cash and cash equivalents, continuing operations, beginning of period		131,814	147,842
Cash and cash equivalents, discontinued operations, beginning of period	6	373,115	331,194
Cash and cash equivalents, end of period		417,902	561,801
Less cash disposed of on sale of discontinued operations	6	(261,974)	-
Less cash and cash equivalents, discontinued operations, end of period		-	(373,005)
CASH AND CASH EQUIVALENTS, CONTINUING OPERATIONS			
END OF PERIOD	\$	155,928	\$ 188,796
Cash flows from continuing operating activities include the following:			
Interest paid	\$	17,571	\$ 14,878
Taxes paid	\$	29,513	\$ 6,159

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

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

As at and for the three and nine months ended September 30, 2011 (tabular dollar amounts in thousands of Canadian dollars, except per share amounts)

1. NATURE OF OPERATIONS

Dundee Corporation (the “Company” or “Dundee Corporation”) is an independent publicly traded Canadian asset management company. The Company’s core asset management activities are focused in the areas of real estate and infrastructure and in energy and resources. Asset management activities are carried out by Ned Goodman Investment Counsel Limited (“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. The Company’s asset management activities are supported by a 49% 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 Company’s divestment of its interest in DundeeWealth as outlined in note 6 to these interim consolidated financial statements.

Dundee Corporation also owns and manages direct investments in these core focus areas, through ownership of both publicly listed and private companies. Real estate operations are carried out through the Company’s investment in Dundee Realty, an owner and developer of residential and recreational properties in North America. Real estate operations are complemented by a 29% interest in Dundee International Real Estate Investment Trust (“Dundee International REIT”), an unincorporated open-ended real estate development trust that invests in commercial real estate exclusively outside of Canada, as well as an 8% interest in Dundee Real Estate Investment Trust (“Dundee REIT”), a Canadian real estate investment trust. Energy and resource investments include the Company’s 57% investment in Dundee Energy Limited (formerly “Eurogas Corporation”) (“Dundee Energy”), an oil and natural gas company, as well as several equity accounted investments.

The Company is incorporated under the Ontario Business Corporations Act. The Company’s head office is located at Dundee Place, 1 Adelaide Street East, Toronto, Ontario, Canada, M5C 2V9. The Company is listed on the Toronto Stock Exchange (“TSX”) under the symbol “DC.A”.

2. BASIS OF PREPARATION AND ADOPTION OF IFRS

These interim consolidated financial statements of the Company have been prepared in accordance with International Financial Reporting Standards (“IFRS”) applicable to the preparation of interim consolidated financial statements, including International Accounting Standard 34, “*Interim Financial Reporting*” (“IAS 34”) and IFRS 1, “*First-time Adoption of IFRS*” (“IFRS 1”), which the Company adopted on January 1, 2010 (the “Transition Date”). Prior to the Transition Date, the Company prepared its consolidated financial statements in accordance with Canadian generally accepted accounting principles (“Canadian GAAP”). Note 5 discloses the impact of the transition to IFRS on the Company’s reported consolidated financial position, financial performance and cash flow, including the nature and effect of significant changes in accounting policies from those used in the Company’s consolidated financial statements for the year ended December 31, 2010.

These condensed interim consolidated financial statements of the Company do not include all disclosures required by IFRS for annual consolidated financial statements. Accordingly, these condensed interim consolidated financial statements of the Company should be read in conjunction with the Company's annual consolidated financial statements as at and for the year ended December 31, 2010 prepared in accordance with Canadian GAAP ("2010 Audited Consolidated Financial Statements") and the Company's interim consolidated financial statements as at and for the three months ended March 31, 2011 ("March 2011 Interim Consolidated Financial Statements").

The accounting policies applied in these interim consolidated financial statements are based on IFRS effective for the year ending December 31, 2011, as issued and effective as at November 14, 2011, the date the Board of Directors authorized the issuance of these interim consolidated financial statements. Any subsequent changes to IFRS that are given effect in the Company's annual consolidated financial statements for the year ending December 31, 2011 could result in restatement of these interim consolidated financial statements, including the transition adjustments recognized on change-over to IFRS.

3. SIGNIFICANT ACCOUNTING POLICIES

These interim consolidated financial statements follow the same accounting principles and methods of application as those disclosed in note 3 to the Company's March 2011 Interim Consolidated Financial Statements. Subject to certain elections made on transition to IFRS as disclosed in note 5, these accounting policies have been consistently applied throughout all periods presented in these interim consolidated financial statements, as if these policies had always been in effect.

Accounting Standards, Interpretations and Amendments to Existing Standards not yet Effective

IFRS 9, "Financial Instruments" ("IFRS 9")

In November 2009, the International Accounting Standards Board ("IASB") issued IFRS 9, "Financial Instruments" as its first step in replacing IAS 39, "Financial Instruments: Recognition and Measurement" ("IAS 39"). IFRS 9 will be issued in three phases. The first phase, which has already been issued, addresses the accounting for financial assets and financial liabilities. The second phase will address impairment of financial instruments, while the third phase will address hedge accounting.

IFRS 9 establishes two primary measurement categories for financial assets: amortized cost and fair value. Classification is based on how an entity manages its financial instruments in the context of its business model, as well as the contractual cash flow characteristics of the financial assets. Classification is made at the time the financial asset is initially recognized.

Although the classification criteria for financial liabilities will not change under IFRS 9, the fair value option may require different accounting for changes to the fair value of a financial liability resulting from changes to an entity's own credit risk.

IFRS 9 amends some of the requirements of IFRS 7, "Financial Instruments: Disclosures", including added disclosures on equity securities measured at fair value through OCI, and guidance on financial liabilities and de-recognition of financial instruments. In August 2011, the IASB issued an exposure draft that proposes to adjust the mandatory effective date of IFRS 9 from January 1, 2013 to January 1, 2014.

IFRS 10, "Consolidation" ("IFRS 10")

IFRS 10 requires an entity to consolidate an investee when it is exposed, or has rights, to variable returns from its involvement with the investee and has the ability to affect those returns through its power over the investee. Under existing IFRS, consolidation is required when an entity has the power to govern the financial and operating policies of an entity so as to obtain benefits from its activities. IFRS 10 replaces SIC-12, "Consolidation—Special Purpose Entities" and parts of IAS 27, "Consolidated and Separate Financial Statements" ("IAS 27"). This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 11, “*Joint Arrangements*” (“IFRS 11”)

IFRS 11 requires a venturer to classify its interest in a joint arrangement as a joint venture or joint operation. Joint ventures will be accounted for using the equity method of accounting whereas, for a joint operation, the venturer will recognize its share of the assets, liabilities, revenues and expenses of the joint operation. Under existing IFRS, entities have the choice to proportionately consolidate or equity account for interests in joint ventures. IFRS 11 supersedes IAS 31, “*Interests in Joint Ventures*”, and SIC-13, “*Jointly Controlled Entities—Non-monetary Contributions by Venturers*”. This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 12, “*Disclosure of Interests in Other Entities*” (“IFRS 12”)

IFRS 12 establishes disclosure requirements for interests in other entities, such as joint arrangements, equity accounted investments, special purpose vehicles and off balance sheet vehicles. The standard carries forward existing disclosures and also introduces significant additional disclosure requirements that address the nature of, and risks associated with, an entity’s interests in other entities. This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

IFRS 13, “*Fair Value Measurement*” (“IFRS 13”)

IFRS 13 is a comprehensive standard for fair value measurement and disclosure requirements for use across all IFRS standards. The new standard clarifies that fair value is the price that would be received to sell an asset, or paid to transfer a liability in an orderly transaction between market participants, at the measurement date. It also establishes disclosures about fair value measurement. Under existing IFRS, guidance on measuring and disclosing fair value is dispersed among the specific standards requiring fair value measurements and in many cases does not reflect a clear measurement basis or consistent disclosures. This standard is effective for annual periods beginning on or after January 1, 2013, with early adoption permitted.

Amendments to Other Standards

In addition to the issuance of new standards as detailed above, there have also been amendments to existing standards, including IAS 1, “*Presentation of Financial Statements*” (“IAS 1”), IAS 19, “*Employee Benefits*” (“IAS 19”), IAS 27, “*Consolidated and Separate Financial Statements*” and IAS 28, “*Investments in Associates and Joint Ventures*” (“IAS 28”).

The amendments to IAS 1 will require that entities group items presented in other comprehensive income (“OCI”) based on an assessment of whether such items may or may not be reclassified to earnings at a subsequent date. Amendments to IAS 1 are applicable to annual periods beginning on or after July 1, 2012, with early adoption permitted.

Amendments to IAS 19 eliminate an entity’s option to defer the recognition of certain gains and losses related to post-employment benefits and require remeasurement of associated assets and liabilities in OCI. Amendments to IAS 19 are applicable on a modified retrospective basis to annual periods beginning on or after January 1, 2013, with early adoption permitted.

The amended IAS 27 addresses accounting for subsidiaries, jointly controlled entities and associates in non-consolidated financial statements. IAS 28 has been amended to include joint ventures in its scope and to address the changes in IFRS 10 through 13 as outlined above. Amendments to IAS 27 and IAS 28 are applicable to annual periods beginning on or after January 1, 2013, with early adoption permitted.

The Company has not yet begun the process of assessing the impact that the new and amended standards will have on its consolidated financial statements or whether to early adopt any of the new requirements.

4. SIGNIFICANT ACCOUNTING JUDGEMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of these unaudited interim consolidated financial statements in accordance with IFRS requires the Company to make judgements, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. The Company evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Company believes are reasonable under the circumstances, and these estimates form the basis for making judgements about the carrying value of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

There have been no significant changes to the areas of accounting judgements, estimates and assumptions made by the Company from those detailed in note 4 to the March 2011 Interim Consolidated Financial Statements.

5. TRANSITION TO IFRS

The effect of the Company's transition from Canadian GAAP to IFRS is set out in the following reconciliations and the footnotes that accompany such reconciliations.

The Company has applied the provisions of IFRS 1, "*First-Time Adoption of IFRS*" in these unaudited interim consolidated financial statements. IFRS 1 provides the framework for the first-time adoption of IFRS and specifies that, in general, an entity shall apply the principles under IFRS retrospectively. IFRS 1 also provides for certain optional exemptions from full retrospective application.

The Company has applied the following transition exemptions to full retrospective application of IFRS:

- *Resource Properties* – IFRS 1 permits a first-time adopter using the full cost method of accounting under its previous GAAP to elect to measure resource properties at the Transition Date on the following basis: (a) exploration and evaluation properties at the amount determined under previous GAAP; and (b) assets in the development or production phases at the amount determined under previous GAAP, allocated to the underlying assets pro rata using reserve volumes or reserve values as of the Transition Date. The Company has elected to record these assets at cost as determined under Canadian GAAP, subject to impairment testing. The Company has allocated these costs between exploration and evaluation activities and development and production activities.
- *Business Combinations* – IFRS 1 allows for the guidance under IFRS 3, "*Business Combinations*" ("IFRS 3"), to be applied either retrospectively or prospectively to business combinations that occurred before the Transition Date. The Company has elected to adopt IFRS 3 prospectively, meaning that only business combinations that occur on or after January 1, 2010 will be accounted for in accordance with IFRS 3. As such, Canadian GAAP balances relating to business combinations entered into before that date, including goodwill, have been carried forward without adjustment.
- *Cumulative Translation Adjustments* – IFRS 1 permits cumulative translation gains and losses to be reset to zero at the Transition Date. The Company elected this exemption. This resulted in the exclusion of translation differences that arose prior to the Transition Date from gains and losses on subsequent disposal of foreign operations.
- *Share Based Compensation* – IFRS 1 encourages, but does not require first-time adopters to apply IFRS 2, "*Share-based Payments*" ("IFRS 2"), to equity instruments that were granted on or before November 7, 2002, or equity instruments that were granted subsequent to November 7, 2002, and vested before the latter of the Transition Date and January 1, 2005. The Company has elected not to apply IFRS 2 to awards that either vested prior to January 1, 2010 or were granted before November 7, 2002.

Explanation of IFRS Transition Adjustments

(a) IAS 36, "*Impairment of Assets*" ("IAS 36")

Under Canadian GAAP and full cost accounting, impairment testing of exploration and evaluation properties was performed on the basis of expected recoverability of costs in each geographic area. For the purpose of assessing impairment under IFRS, these assets are grouped into cash generating units ("CGUs"), which are defined as the smallest group of assets for which there are separately identifiable cash inflows.

Exploration and evaluation activities are conducted primarily through Eurogas International Inc. ("EII"), a 53% owned subsidiary of the Company. The Company completed the allocation of its resource properties in the exploration and evaluation stage into separate CGUs, as required under IFRS. Following a detailed analysis of impairment indicators for each CGU, the Company determined that it was appropriate to recognize an impairment in respect of certain resource properties in Tunisia as at the Transition Date.

During 2010, the Company continued to incur exploration and evaluation costs associated with its resource properties in Tunisia. Under Canadian GAAP, these amounts were capitalized to resource properties. On transition to IFRS, and as a result of impairment indicators as defined under IFRS, the resulting assets were considered impaired.

During 2010, and following the favourable settlement of litigation initiated by EII against a previous third-party service provider, EII recovered certain expenses incurred in respect of its Tunisian operations. Under Canadian GAAP, these amounts were applied to reduce the cost of resource properties under full cost accounting. As a result of impairment testing under IFRS, the carrying amount of these resource properties is \$nil at the Transition Date. Accordingly, proceeds received from the litigation during the fourth quarter of 2010, to the extent related to the impaired properties, were recognized in earnings.

(b) IAS 37, "*Provisions, Contingent Liabilities and Contingent Assets*" ("IAS 37")

Accounting for decommissioning liabilities pursuant to IFRS falls under IAS 37. IFRS requires the inclusion of both constructive and legal obligations in determining the amount of a decommissioning liability. While only legal obligations are required under Canadian GAAP, the Company has historically included both legal and constructive obligations in its estimate of decommissioning liabilities.

Consistent with Canadian GAAP, decommissioning liabilities under IFRS are recorded in the consolidated financial statements on a discounted basis. However, discount rates used under IFRS are required to reflect the risks specific to decommissioning liabilities, whereas under Canadian GAAP, discount rates were based on the entity's credit-adjusted risk-free rate. At each period end, IFRS requires that the Company remeasure its decommissioning liabilities for market interest changes in the discount rate, whereas under Canadian GAAP, changes in discount rates alone do not result in a remeasurement of the obligation. IFRS also requires remeasurement of the decommissioning liabilities to reflect changes in foreign exchange rates in instances where such decommissioning liabilities are denominated in foreign currencies, whereas under Canadian GAAP, changes resulting solely from fluctuations in foreign exchange rates do not result in a remeasurement of the obligation.

Consistent with Canadian GAAP, the Company is required to accrete its decommissioning liabilities to reflect the passage of time. Under Canadian GAAP, the accretion amount was included in depreciation and depletion expense. IFRS classifies accretion expense as a financing cost and accordingly, the Company has included its accretion expense as "Interest expense" in these unaudited interim consolidated financial statements.

(c) Cumulative Translation Adjustments in Accumulated Other Comprehensive Income ("AOCI")

In accordance with the exemption available pursuant to IFRS 1, the Company elected to reset cumulative translation adjustments in AOCI to zero at the Transition Date.

(d) IAS 23, "*Borrowing Costs*" ("IAS 23")

Borrowing costs attributable to the development and construction of qualifying assets are added to the cost of those assets under IFRS. Capitalization of borrowing costs was permitted but not required under Canadian GAAP. The Company has determined that certain real estate assets to which interest had historically been capitalized under Canadian GAAP do not meet the definition of a qualifying asset under IAS 23. Consequently, on transition and in subsequent quarters, this resulted in the reversal of previously capitalized interest from the carrying value of certain real estate assets, with a corresponding charge to retained earnings at the Transition Date and subsequently to interest expense.

(e) IAS 40, "*Investment Property*" ("IAS 40")

Certain real estate assets held by the Company are considered investment properties as defined by IAS 40. Investment properties are properties held to earn rentals, for capital appreciation or for both, rather than for use in the production or supply of goods or services, for administrative purposes, or for sale in the ordinary course of business. Similar to Canadian GAAP, investment properties are initially measured at cost under IAS 40. However, subsequent to initial recognition, IAS 40 requires that an entity choose either (i) the cost; or (ii) the fair value model to account for its investment properties. The Company has elected to account for its investment properties under the fair value model.

(f) IAS 16, "*Property, Plant and Equipment*" ("IAS 16")

In accordance with IAS 16, the Company has reclassified certain real estate equipment previously included in accounts receivable under Canadian GAAP to real estate assets. This reclassification had no impact on shareholders' equity.

(g) IAS 31, "*Interests in Joint Ventures*" ("IAS 31") and Other Real Estate Investments Accounted for Using the Equity Method

Under Canadian GAAP, the Company has historically accounted for its investment in joint ventures using proportionate consolidation, recording its share of the respective assets and liabilities in its consolidated statements of financial position. Unlike Canadian GAAP, IFRS allows investments in joint ventures to be accounted for using either proportionate consolidation or the equity method of accounting.

The Company has elected to use the equity method of accounting for its investment in jointly controlled entities that were previously proportionately consolidated. Accordingly, joint venture investments that have historically been presented on multiple lines of the consolidated financial statements have been aggregated into a single line.

(h) IFRS 3, "*Business Combinations*"

Under Canadian GAAP, the acquisition of the assets in southern Ontario completed by Dundee Energy in June 2010 (note 7) was accounted for as an asset acquisition with the aggregate purchase price paid, including related transaction costs, allocated to the net assets acquired based on an estimate of their underlying fair values.

The Company has determined that the nature of the assets acquired in southern Ontario meets the definition of a business pursuant to IFRS 3 and, as such, the transaction is accounted for as a business combination rather than as an asset acquisition as was appropriate under Canadian GAAP. Under Canadian GAAP, transaction costs associated with business combinations were included in the aggregate purchase price and allocated to the various assets acquired. Under IFRS, these amounts have been expensed in the periods in which they were incurred.

(i) IAS 12, "*Income Taxes*" ("IAS 12")

Both Canadian GAAP and IFRS require that income tax balances at initial recognition follow the underlying nature of the associated assets and liabilities. Under Canadian GAAP, a subsequent remeasurement of income tax balances stemming from changes in income tax rates is recorded in earnings. IFRS requires that such remeasurement be recognized in either earnings or OCI, in accordance with the nature of the underlying associated assets and liabilities, consistent with the recording of income tax balances at initial recognition.

(j) IAS 27, “*Consolidated and Separate Financial Statements*”

Under IAS 27, increases and decreases in ownership interest in a subsidiary after control has been obtained is accounted for as a capital transaction. This differs from Canadian GAAP, where each step purchase resulted in a separate purchase adjustment and each decrease in ownership, without loss of control, resulted in the recognition of a dilution gain or loss in net earnings.

(k) Non-controlling Interest

Under IFRS, the non-controlling interest’s share of the net assets of subsidiaries is included in equity and their share of net earnings and OCI is allocated directly to equity. Under Canadian GAAP, non-controlling interest was presented as a separate item between liabilities and equity in the consolidated statements of financial position, and their share of net earnings and OCI were deducted in calculating net earnings and OCI of the Company. On transition, non-controlling interest was reclassified and reallocated accordingly. Non-controlling interest has been adjusted to reflect the cumulative effect of IFRS adjustments as previously described.

(l) Transition to IFRS by Equity Accounted Investments

Each of the Company’s equity accounted investments has been subject to the first-time adoption provisions of IFRS 1, and as such, the carrying values of the Company’s equity accounted investments have been adjusted to reflect the Company’s cumulative share of the underlying transition adjustments recognized by the equity accounted investments.

The following tables reconcile (i) the consolidated statements of shareholders’ equity as at September 30, 2010 and December 31, 2010; (ii) the consolidated statements of operations and comprehensive income for the three and nine months ended September 30, 2010; and (iii) the consolidated statement of cash flow for the nine months ended September 30, 2010, as previously prepared under Canadian GAAP to the corresponding consolidated financial statements prepared in accordance with IFRS.

Reconciliation of Canadian GAAP Consolidated Shareholders' Equity to IFRS as at September 30, 2010

	Canadian GAAP	IFRS Transition Adjustments											IFRS	
	September 30, 2010	Ref (a)	Ref (b)	Ref (c)	Ref (d)	Ref (e)	Ref (f)	Ref (g)	Ref (h)	Ref (i)	Ref (j)	Ref (k)	Ref (l)	September 30, 2010
SHAREHOLDERS' EQUITY														
Share capital														
Common shares	\$ 273,578													\$ 273,578
Preference shares, series 2	127,068													127,068
Contributed surplus	10,067					(1)				(5,554)	1,727			6,239
Retained earnings	739,296	(17,896)	326	(1,800)	(6,893)	9,113		(2,583)	(1,342)	5,554	20,901	5,252		749,928
Accumulated other comprehensive income	48,616			1,800		(2)			1,342		(417)	3,452		54,791
	1,198,625	(17,896)	326	-	(6,893)	9,110	-	-	(2,583)	-	-	22,211	8,704	1,211,604
NON-CONTROLLING INTEREST	716,670							(212)			(15,726)			700,732
TOTAL SHAREHOLDERS' EQUITY	\$ 1,915,295	\$ (17,896)	\$ 326	\$ -	\$ (6,893)	\$ 9,110	\$ -	\$ (212)	\$ (2,583)	\$ -	\$ -	\$ 6,485	\$ 8,704	\$ 1,912,336

Reconciliation of Canadian GAAP Consolidated Shareholders' Equity to IFRS as at December 31, 2010

	Canadian GAAP	IFRS Transition Adjustments											IFRS	
	December 31, 2010	Ref (a)	Ref (b)	Ref (c)	Ref (d)	Ref (e)	Ref (f)	Ref (g)	Ref (h)	Ref (i)	Ref (j)	Ref (k)	Ref (l)	December 31, 2010
SHAREHOLDERS' EQUITY														
Share capital														
Common shares	\$ 273,414													\$ 273,414
Preference shares, series 2	127,068													127,068
Contributed surplus	10,660					(1)				(2,823)	1,726			9,562
Retained earnings	810,758	(15,318)	165	(1,800)	(6,566)	11,043		(2,682)	(1,037)	2,823	19,140	16,889		833,415
Accumulated other comprehensive income	84,707			1,800		(2)				1,037		(417)	3,070	90,195
	1,306,607	(15,318)	165	-	(6,566)	11,040	-	-	(2,682)	-	-	20,449	19,959	1,333,654
NON-CONTROLLING INTEREST														
	749,287							(287)				(14,211)		734,789
TOTAL SHAREHOLDERS' EQUITY	\$ 2,055,894	\$ (15,318)	\$ 165	\$ -	\$ (6,566)	\$ 11,040	\$ -	\$ (287)	\$ (2,682)	\$ -	\$ -	\$ 6,238	\$ 19,959	\$ 2,068,443

Reconciliation of Canadian GAAP Consolidated Statement of Operations to IFRS for the nine months ended September 30, 2010

	IFRS Transition Adjustments													IFRS
	Canadian GAAP Nine months ended September 30, 2010	Ref (a)	Ref (b)	Ref (c)	Ref (d)	Ref (e)	Ref (f)	Ref (g)	Ref (h)	Ref (i)	Ref (j)	Ref (k)	Ref (l)	Nine months ended September 30, 2010
REVENUES														
Management fees	\$ 24,463						\$ (165)							\$ 24,298
Financial services	80,499													80,499
Real estate revenue	285,278					-		(8,954)						276,324
Oil and gas revenue, net	8,179													8,179
Investment income	36,312													36,312
	434,731	-	-	-	-	-	-	(9,119)	-	-	-	-	-	425,612
EXPENSES														
Variable compensation	38,001													38,001
Operating costs, real estate	214,206				(713)			(6,501)						206,992
Operating costs, oil and gas	2,793													2,793
Depreciation and depletion	9,985		(472)			(747)		(1,138)						7,628
Selling, general and administrative	61,006							(246)	2,959					63,719
	325,991	-	(472)	-	(713)	(747)	-	(7,885)	2,959	-	-	-	-	319,133
OPERATING EARNINGS	108,740	-	472	-	713	747	-	(1,234)	(2,959)	-	-	-	-	106,479
OTHER ITEMS IN EARNINGS														
Share of earnings from equity accounted investments	48,622												(10,469)	38,153
Share of earnings from real estate joint ventures	-							162						162
Dilution loss, net	(5,554)									5,554				-
Fair value loss	-	(413)				(153)								(566)
Interest expense	(14,843)		(270)		(744)			979						(14,878)
Foreign exchange loss	(179)													(179)
	28,046	(413)	(270)	-	(744)	(153)	-	1,141	-	-	5,554	-	(10,469)	22,692
NET EARNINGS BEFORE INCOME TAXES	136,786	(413)	202	-	(31)	594	-	(93)	(2,959)	-	5,554	-	(10,469)	129,171
Income taxes														
Current	43,345													43,345
Deferred	(7,075)		(10)		(10)	180			(376)				(1,920)	(9,211)
	36,270	-	(10)	-	(10)	180	-	-	(376)	-	-	-	(1,920)	34,134
NET EARNINGS FROM CONTINUING OPERATIONS	100,516	(413)	212	-	(21)	414	-	(93)	(2,583)	-	5,554	-	(8,549)	95,037
DISCONTINUED OPERATIONS														
Earnings, net of taxes and non-controlling interest	34,973													34,973
NET EARNINGS FOR THE PERIOD	\$ 135,489	\$ (413)	\$ 212	\$ -	\$ (21)	\$ 414	\$ -	\$ (93)	\$ (2,583)	\$ -	\$ 5,554	\$ -	\$ (8,549)	\$ 130,010
NET EARNINGS ATTRIBUTABLE TO:														
Owners of the parent	118,497	(413)	212	-	(21)	414	-	-	(2,583)	-	5,554	1,169	(8,549)	114,280
Non-controlling interest	16,992							(93)				(1,169)		15,730
	\$ 135,489	\$ (413)	\$ 212	\$ -	\$ (21)	\$ 414	\$ -	\$ (93)	\$ (2,583)	\$ -	\$ 5,554	\$ -	\$ (8,549)	\$ 130,010
NET EARNINGS PER SHARE														
Basic														
Continuing operations	\$ 1.06													\$ 1.01
Discontinued operations	0.48													0.48
	\$ 1.54													\$ 1.49
Diluted														
Continuing operations	\$ 1.03													\$ 0.99
Discontinued operations	0.44													0.44
	\$ 1.47													\$ 1.43

Reconciliation of Canadian GAAP Consolidated Statement of Operations to IFRS for the three months ended September 30, 2010

	Canadian GAAP												IFRS Three months ended September 30, 2010
	Three months ended September 30, 2010	Ref (a)	Ref (b)	Ref (c)	Ref (d)	Ref (e)	IFRS Transition Adjustments						
							Ref (f)	Ref (g)	Ref (h)	Ref (i)	Ref (j)	Ref (k)	
REVENUES													
Management fees	\$ 8,366							\$ (58)					\$ 8,308
Financial services	30,455												30,455
Real estate revenue	126,209					26		(2,885)					123,350
Oil and gas revenue, net	8,179												8,179
Investment income	1,061												1,061
	174,270	-	-	-	-	26	-	(2,943)	-	-	-	-	171,353
EXPENSES													
Variable compensation	12,372												12,372
Operating costs, real estate	93,683				(249)			(2,137)					91,297
Operating costs, oil and gas	2,793												2,793
Depreciation and depletion	5,707		(426)					(427)					4,636
Selling, general and administrative	21,492							(70)	190				21,612
	136,047	-	(426)	-	(249)	(218)	-	(2,634)	190	-	-	-	132,710
OPERATING EARNINGS	38,223	-	426	-	249	244	-	(309)	(190)	-	-	-	38,643
OTHER ITEMS IN EARNINGS													
Share of earnings from equity accounted investments	21,159												21,159
Share of losses from real estate joint ventures	-							(171)					(171)
Dilution gain, net	674									(674)			-
Fair value loss	-	(25)				(115)							(140)
Interest expense	(4,597)		(259)		(426)			387					(4,895)
Foreign exchange loss	(12)												(12)
	17,224	(25)	(259)	-	(426)	(115)	-	216	-	-	(674)	-	16,269
NET EARNINGS BEFORE INCOME TAXES	55,447	(25)	167	-	(177)	129	-	(93)	(190)	-	(674)	-	54,912
Income taxes													
Current	5,898												5,898
Deferred	5,533		(10)		(54)	40			(28)			56	5,537
	11,431	-	(10)	-	(54)	40	-	-	(28)	-	-	-	11,435
NET EARNINGS FROM CONTINUING OPERATIONS	44,016	(25)	177	-	(123)	89	-	(93)	(162)	-	(674)	-	43,477
DISCONTINUED OPERATIONS													
Earnings, net of taxes and non-controlling interest	9,391												9,391
Gain on sale of discontinued operations, net of taxes	-												-
NET EARNINGS FOR THE PERIOD	\$ 53,407	\$ (25)	\$ 177	\$ -	\$ (123)	\$ 89	\$ -	\$ (93)	\$ (162)	\$ -	\$ (674)	\$ -	\$ 52,868
NET EARNINGS ATTRIBUTABLE TO:													
Owners of the parent	43,372	(25)	177	-	(123)	89	-	-	(162)	-	(674)	16	42,942
Non-controlling interest	10,035							(93)				(16)	9,926
	\$ 53,407	\$ (25)	\$ 177	\$ -	\$ (123)	\$ 89	\$ -	\$ (93)	\$ (162)	\$ -	\$ (674)	\$ -	\$ 52,868
NET EARNINGS PER SHARE													
Basic													
Continuing operations	\$ 0.45												\$ 0.44
Discontinued operations	0.13												0.13
	\$ 0.58												\$ 0.57
Diluted													
Continuing operations	\$ 0.44												\$ 0.44
Discontinued operations	0.12												0.12
	\$ 0.56												\$ 0.56

Reconciliation of Canadian GAAP Consolidated Statement of Comprehensive Income to IFRS for the nine months ended September 30, 2010

	Canadian GAAP													IFRS September 30, 2010
	Nine months ended September 30, 2010	Ref (a)	Ref (b)	Ref (c)	Ref (d)	Ref (e)	IFRS Transition Adjustments						Ref (l)	
NET EARNINGS FOR THE PERIOD	\$ 135,489	\$ (413)	\$ 212	\$ -	\$ (21)	\$ 414	\$ -	\$ (93)	\$ (2,583)	\$ -	\$ 5,554	\$ -	\$ (8,549)	\$ 130,010
Other comprehensive income														
Unrealized gains on available-for-sale securities, net of associated taxes	48,879													48,879
Transfer of unrealized gains to net earnings net of associated taxes	(7,366)													(7,366)
Transfer of unrealized gains to net earnings net of associated taxes	(30,758)													(30,758)
Unrealized foreign currency loss on forward contract, net of associated taxes	2,829													2,829
Unrealized foreign currency loss on forward contract, net of associated taxes	(19)							19						-
Unrealized gain from foreign currency translation	6							(6)						-
Unrealized gain from foreign currency translation	101													101
Share of other comprehensive income from equity accounted investments, net of associated taxes	10,987												(517)	10,470
	(2,512)												(163)	(2,675)
Other comprehensive income from continuing operations	22,147	-	-	-	-	-	-	13	-	-	-	-	(680)	21,480
Other comprehensive loss from discontinued operations, net of non-controlling interests and net of associated taxes	(3,555)													(3,555)
	1,390													1,390
Total other comprehensive income	19,982	-	-	-	-	-	-	13	-	-	-	-	(680)	19,315
COMPREHENSIVE INCOME FOR THE PERIOD	155,471	(413)	212	-	(21)	414	-	(80)	(2,583)	-	5,554	-	(9,229)	149,325
COMPREHENSIVE INCOME ATTRIBUTABLE TO:														
Owners of the parent	138,695	(413)	212	-	(21)	414	-	13	(2,583)	-	5,554	1,165	(9,229)	133,807
Non-controlling interest	16,776							(93)				(1,165)	-	15,518
	\$ 155,471	\$ (413)	\$ 212	\$ -	\$ (21)	\$ 414	\$ -	\$ (80)	\$ (2,583)	\$ -	\$ 5,554	\$ -	\$ (9,229)	\$ 149,325

Reconciliation of Canadian GAAP Consolidated Statement of Comprehensive Income to IFRS for the three months ended September 30, 2010

	Canadian GAAP													IFRS September 30, 2010
	Three months ended September 30, 2010	Ref (a)	Ref (b)	Ref (c)	Ref (d)	Ref (e)	IFRS Transition Adjustments						Ref (l)	
NET EARNINGS FOR THE PERIOD	\$ 53,407	\$ (25)	\$ 177	\$ -	\$ (123)	\$ 89	\$ -	\$ (93)	\$ (162)	\$ -	\$ (674)	\$ -	\$ 272	\$ 52,868
Other comprehensive income														
Unrealized gains on available-for-sale securities, net of associated taxes	27,293													27,293
Transfer of unrealized loss to net earnings net of associated taxes	(6,940)													(6,940)
Transfer of unrealized loss to net earnings net of associated taxes	616													616
Unrealized foreign currency loss on forward contract, net of associated taxes	(164)													(164)
Unrealized foreign currency loss on forward contract, net of associated taxes	-													-
Unrealized gain from foreign currency translation	-													-
Unrealized gain from foreign currency translation	271													271
Share of other comprehensive income from equity accounted investments, net of associated taxes	3,241												757	3,998
	(826)												(189)	(1,015)
Other comprehensive income from continuing operations	23,491	-	-	-	-	-	-	-	-	-	-	-	568	24,059
Other comprehensive income from discontinued operations, net of non-controlling interests and net of associated taxes	9,553													9,553
	(3,930)													(3,930)
Total other comprehensive income	29,114	-	-	-	-	-	-	-	-	-	-	-	568	29,682
COMPREHENSIVE INCOME FOR THE PERIOD	82,521	(25)	177	-	(123)	89	-	(93)	(162)	-	(674)	-	840	82,550
COMPREHENSIVE INCOME ATTRIBUTABLE TO:														
Owners of the parent	72,470	(25)	177	-	(123)	89	-	-	(162)	-	(674)	16	840	72,608
Non-controlling interest	10,051							(93)				(16)	-	9,942
	\$ 82,521	\$ (25)	\$ 177	\$ -	\$ (123)	\$ 89	\$ -	\$ (93)	\$ (162)	\$ -	\$ (674)	\$ -	\$ 840	\$ 82,550

Reconciliation of Canadian GAAP Consolidated Statement of Cash Flow to IFRS for the nine months ended September 30, 2010

The implementation of IFRS did not have a significant impact on the operating, investing or financing cash flow previously reported under Canadian GAAP, except for cash and cash equivalents related to real estate joint ventures which had been proportionately consolidated pursuant to Canadian GAAP and which are equity accounted under IFRS. The cash flow impact is reconciled as follows:

	Canadian GAAP		IFRS	
	Nine months ended		Nine months ended	
	September 30, 2010	Adjustments	September 30, 2010	
Cash flow from operating activities	\$ 139,591	\$ (1,550)	\$ 138,041	
Cash flow used in investing activities	(118,196)	762	(117,434)	
Cash flow from financing activities	3,700	142	3,842	
Net cash flow from continuing operations	25,095	(646)	24,449	
Net cash flow from discontinued operations	58,316	-	58,316	
Net cash flow for the period	83,411	(646)	82,765	
Cash and cash equivalents, continuing operations, beginning of period	148,981	(1,139)	147,842	
Cash and cash equivalents, discontinued operations, beginning of period	331,194	-	331,194	
Cash and cash equivalents, end of period	563,586	(1,785)	561,801	
Less cash and cash equivalents, discontinued operations, end of period	(373,005)	-	(373,005)	
Cash and cash equivalents from continuing operations, end of period	\$ 190,581	\$ (1,785)	\$ 188,796	

6. DIVESTMENT OF DISCONTINUED OPERATIONS

On February 1, 2011, The Bank of Nova Scotia (“Scotiabank”) completed the acquisition of all of the issued and outstanding shares of DundeeWealth, other than DundeeWealth’s first preference shares, series 1, pursuant to an offer made by Scotiabank on November 22, 2010 (the “Offer”). The Company tendered all of its 69,940,415 common shares and 5,453,668 first preference shares, Series X of DundeeWealth pursuant to the Offer. As consideration therefore, the Company received 18,599,028 common shares of Scotiabank valued at \$1,046,528,000 and 14,897,209 \$25 3.70% 5-year rate reset preferred shares of Scotiabank (each a “Scotiabank Preferred Share”) valued at \$372,430,000. In addition, the Company received cash distributions of \$155,982,000 and it received 74,484,956 common shares of Dundee Capital Markets pursuant to distributions made by DundeeWealth immediately prior to completion of the transaction as described above.

In connection with the transaction, 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.

The Company realized a gain of \$870,828,000 on completion of the transaction, net of transaction related costs amounting to \$27,970,000, determined as follows:

	February 1, 2011	December 31, 2010
ASSETS		
Cash and cash equivalents	\$ 261,974	\$ 373,115
Accounts receivable	122,414	147,588
Client accounts receivable	292,277	124,829
Securities owned	23,801	31,022
Available-for-sale securities	141,203	160,722
Deferred sales commissions	263,579	261,645
Capital and other assets	68,038	41,556
Goodwill and other intangible assets	727,694	727,547
Assets of discontinued operations held for sale	\$ 1,900,980	\$ 1,868,024
LIABILITIES		
Accounts payable and accrued liabilities	\$ 350,982	\$ 151,932
Client deposits and related liabilities	294,947	142,475
Income taxes payable	20,245	15,581
Corporate debt	406,606	352,006
Deferred income tax liabilities	117,836	103,498
Liabilities of discontinued operations held for sale	\$ 1,190,616	\$ 765,492
Net assets of discontinued operations held for sale before non-controlling interest	710,364	1,102,532
Less: non-controlling interest	(288,891)	(537,817)
Net assets of discontinued operations held for sale	\$ 421,473	\$ 564,715
Proceeds Received at Divestment		
18,599,028 common shares of Scotiabank	\$ 1,046,528	
14,897,209 Scotiabank Preferred Shares	372,430	
Total proceeds	\$ 1,418,958	
Gain on Divestment	\$ 997,485	
Less: deferred income tax provision	(143,809)	
Realization of accumulated other comprehensive income	17,152	
	\$ 870,828	

Comparative period balances presented in these unaudited interim consolidated financial statements have been restated. Accordingly, 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 statement of financial position at December 31, 2010. Operating results related to these assets and liabilities have been included in earnings from discontinued operations in the unaudited interim consolidated statement of operations for the three and nine months ended September 30, 2010.

	From January 1, 2011 to February 1, 2011	Three months ended September 30, 2010	Nine months ended September 30, 2010
REVENUES			
Management fees	\$ 55,897	\$ 141,999	\$ 409,563
Redemption fees	1,399	3,799	12,156
Financial services	15,762	39,098	132,775
Investment income	10,900	3,031	39,235
	83,958	187,927	593,729
EXPENSES			
Variable compensation	13,071	27,792	91,459
Trailer service fees	17,710	44,413	126,645
Amortization of deferred sales commissions	8,577	24,682	72,604
Selling, general and administrative	42,977	56,183	178,999
Depreciation	633	2,489	7,326
	82,968	155,559	477,033
OPERATING EARNINGS			
Interest expense	990	32,368	116,696
Foreign exchange (loss) gain	(10,981)	(4,111)	(13,906)
	(22)	226	(1,251)
(LOSS) EARNINGS BEFORE UNDERNOTED ITEMS	(10,013)	28,483	101,539
Income taxes			
Current	4,002	11,782	24,450
Deferred	5,985	(2,845)	4,638
	(20,000)	19,546	72,451
Other comprehensive (loss) income from discontinued operations, net of taxes	(8,378)	11,712	(4,424)
COMPREHENSIVE (LOSS) EARNINGS FROM DISCONTINUED OPERATIONS	\$ (28,378)	\$ 31,258	\$ 68,027
COMPREHENSIVE (LOSS) EARNINGS ATTRIBUTABLE TO:			
Owners of the parent	\$ (22,420)	\$ 15,014	\$ 32,808
Non-controlling interest	(5,958)	16,244	35,219
	\$ (28,378)	\$ 31,258	\$ 68,027

7. BUSINESS COMBINATIONS

Transactions During the Nine Months Ended September 30, 2011

Acquisition of Torque Energy Inc.

On August 4, 2011, Dundee Energy completed the acquisition of Torque Energy Inc. (“Torque”), a Canadian-based oil and natural gas company. Dundee Corporation tendered its 18% interest in Torque pursuant to Dundee Energy’s offer to purchase (note 8). Torque’s business is the exploration, development and acquisition of opportunities related to the operation and production of oil and natural gas properties, primarily in southern Ontario, Canada.

The fair value of the purchase consideration for Torque was \$7,130,000 and consisted of (i) cash of \$6,012,000 and (ii) the issuance of 1,346,926 fully paid common shares of Dundee Energy at a price of \$0.83 per share. Dundee Energy incurred transaction costs of \$377,000 in respect of the acquisition, which were charged to the consolidated statement of operations as incurred. A preliminary allocation of the aggregate consideration transferred to the various identifiable assets and liabilities acquired was based on an estimate of their underlying fair values and is summarized below. The allocation of the aggregate consideration transferred has not been finalized and is subject to adjustment.

Net assets acquired		
Property, plant and equipment*	\$	10,076
Accounts receivable		1,024
Prepays		147
		11,247
Bank loan		(1,429)
Accounts payable and accrued liabilities		(519)
Decommissioning liability		(2,169)
	\$	7,130
Aggregate consideration transferred:		
Cash	\$	6,012
1,346,926 common shares of Dundee Energy issued at \$0.83 per common share		1,118
	\$	7,130

*Includes capitalization of \$2,169,000 future abandonment and reclamation costs.

Since completion of the acquisition, Torque generated revenues and pre-tax earnings before non-controlling interest of \$430,000 and \$5,000, respectively.

Transactions During the Nine Months Ended September 30, 2010

Acquisition of Working Interest in Oil and Gas Properties in Southern Ontario

On June 29, 2010, Dundee Energy Limited Partnership (“DELP”), a wholly owned subsidiary of Dundee Energy, acquired a 95% working interest in onshore oil properties and a 65% working interest in offshore gas properties, all located in southern 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 \$128,608,000. Aggregate transaction costs associated with the acquisition of the southern Ontario oil and gas properties were \$3,602,000 and were charged to the Company’s consolidated statements of operations as incurred.

A summary of the allocation of the aggregate consideration transferred to the fair value of the net assets acquired is as follows:

Net assets acquired		
Property, plant and equipment*	\$	157,851
Prepays		751
Inventory		758
Investment in Lake Erie Limited Partnership		300
Accounts receivable		150
		159,810
Decommissioning liability		(31,202)
	\$	128,608
Aggregate consideration transferred:		
Cash	\$	128,608

*Includes capitalization of \$31,202,000 future abandonment and reclamation costs.

During the three and nine months ended September 30, 2011, DELP earned revenues of \$8,327,000 and \$25,929,000, respectively and earned net pre-tax comprehensive earnings before non-controlling interest of \$169,000 and \$745,000, respectively as a result of the above-referenced transaction.

Acquisition of Control of Nichromet Extractions Inc.

During the nine months ended September 30, 2010, the Company completed a series of share purchase agreements to acquire a 60% interest in Nichromet Extractions Inc., (“Nichromet”), a resource-based private company, for aggregate cash consideration of \$5,420,000.

Net assets acquired	
Capital and other assets	\$ 6,183
Cash and accounts receivable, net of accounts payable and accrued liabilities	1,966
Non-controlling interest	(2,729)
	\$ 5,420
Aggregate consideration transferred:	
Cash	\$ 5,420
	\$ 5,420

During the three and nine months ended September 30, 2011, Nichromet incurred a net loss of \$981,000 and \$2,766,000, respectively.

8. ACQUISITIONS AND DILUTIONS OF INTERESTS IN SUBSIDIARIES

Transactions During the Nine Months Ended September 30, 2011

	Percentage Owned 31-Dec-10	Effect on Contributed Surplus		Gain on Divestment of Control	Percentage Owned 30-Sep-11
		Increases/ (Decreases) in Ownership	Changes in Equity		
Dundee Capital Markets Inc.	48%	\$ 253	\$ -	\$ -	49%
Dundee Energy Limited	54%	(541)	263	-	57%
Dundee Realty Corporation	70%	-	(74)	-	70%
DundeeWealth Inc. (note 6)	48%	-	-	870,828	-
Eurogas International Inc.	53%	4	2	-	53%
Nichromet Extraction Inc.	63%	(146)	-	-	69%

Dundee Capital Markets Inc.

During the nine months ended September 30, 2011, the Company acquired 2,000,000 shares of Dundee Capital Markets for cash of \$1,900,000. The acquisition of these shares increased the Company’s ownership in Dundee Capital Markets from 48% to 49%.

Dundee Energy Limited

On August 2, 2011, the Company entered into a private placement financing with Dundee Energy, pursuant to which it acquired 7,243,280 common shares of Dundee Energy from its treasury at a price of \$0.83 per share. The proceeds from the private placement were used by Dundee Energy to fund the cash portion of the aggregate consideration transferred for its acquisition of Torque (note 7). In addition, the Company tendered its 18% interest in Torque and received a further 1,344,073 common shares of Dundee Energy. Together, these transactions increased the Company’s ownership in Dundee Energy Limited to 57% at September 30, 2011.

Nichromet Extraction Inc.

During the nine months ended September 30, 2011, the Company acquired 21,070,000 common shares of Nichromet for \$2,107,000. The acquisition increased the Company’s ownership to approximately 69% at September 30, 2011.

Equity Changes in Subsidiaries

From time to time, the Company's subsidiaries may issue or accrue for the issuance of common shares from treasury to settle share incentive awards, or otherwise. Unless the Company participated in the issuance or accrual of common shares from treasury on a pro rata basis, such issuances or accruals result in a dilution of the Company's interest in the subsidiary.

Transactions During the Nine Months Ended September 30, 2010

	Percentage Owned 31-Dec-09	Effect on Contributed Surplus		Gain on Divestment of Control	Percentage Owned 30-Sep-10
		Increases/ (Decreases) in Ownership	Changes in Equity		
Dundee Capital Markets Inc.	n/a	\$ -	\$ -	\$ -	n/a
Dundee Energy Limited	54%	-	14	-	54%
Dundee Realty Corporation	74%	(3,195)	-	-	70%
DundeeWealth Inc.	49%	(642)	-	-	48%
Eurogas International Inc.	53%	-	-	-	53%
Fort Cady Minerals Corporation	80%	-	-	493	-
Nichromet Extraction Inc. (note 7)	n/a	-	-	-	60%

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 \$749,000, including cash of \$257,000 and a five-year 8% promissory note for \$492,000. Included in investment income for the nine months ended September 30, 2010 is a \$493,000 gain in respect of the disposition.

Dilution of Interest in Dundee Realty Corporation

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 February 2010, the Company agreed to permit the acceleration of vesting requirements of the option arrangement, following which the non-controlling shareholder exercised all outstanding options for a further \$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% at September 30, 2010.

9. CLIENT ACCOUNTS RECEIVABLE

	September 30, 2011	December 31, 2010
Client accounts	\$ 194,086	\$ 173,634
Brokers' and dealers' balances	55,594	35,606
Funds deposited into trust	153,075	176,089
Amounts receivable from carrying broker	180,127	-
Securities borrowed	-	58,532
	\$ 582,882	\$ 443,861

Funds deposited into trust represent client funds deposited and held by Dundee Capital Markets in registered accounts. These funds have been deposited with a Canadian trust company. Included in "Client deposits and related liabilities" (note 19) is a corresponding liability related to these deposits.

As part of the transaction with DundeeWealth (note 6), Dundee Capital Markets entered into an introducing and carrying broker agreement with a subsidiary of DundeeWealth. “Amounts receivable from carrying broker” represent non-registered client balances and other corporate funds held by the carrying broker pursuant to these arrangements.

10. SECURITIES OWNED AND SECURITIES SOLD SHORT

	September 30, 2011		December 31, 2010	
	Securities Owned	Securities Sold Short	Securities Owned	Securities Sold Short
Bonds	\$ 21,441	\$ 17,359	\$ 100,333	\$ 18,205
Equities and convertible debentures	22,994	1,833	76,877	1,041
Broker warrants	3,405	-	-	-
	\$ 47,840	\$ 19,192	\$ 177,210	\$ 19,246

Bonds include \$577,000 (December 31, 2010 - \$836,000) owned directly by the Company’s resource subsidiaries. These amounts have been deposited with a Canadian Schedule I Chartered Bank. Bond maturities range from 2011 to 2037 (December 31, 2010 – from 2011 to 2052) and have annual interest yields ranging from 0% to 12% (December 31, 2010 – 0% to 12%).

From time to time, Dundee Capital Markets may sell securities that it does not own (“Securities sold short”) and will therefore be obligated to purchase such securities at a future date to settle its obligation. Dundee Capital Markets may incur a loss if the market value of these securities subsequently increases.

11. AVAILABLE-FOR-SALE SECURITIES

	September 30, 2011		December 31, 2010	
	Cost	Fair Value	Cost	Fair Value
Resource-based investments	\$ 155,711	\$ 196,791	\$ 58,628	\$ 129,615
Other public investments	1,471,478	1,402,680	17,956	26,941
Private investments	115,756	125,206	33,981	41,655
Mutual funds	10,208	7,443	135	271
	\$ 1,753,153	\$ 1,732,120	\$ 110,700	\$ 198,482

“Other public investments” include the Company’s interest in the common shares of Scotiabank and the Scotiabank Preferred Shares which the Company received in settlement of the Company’s divestment of its interest in DundeeWealth (note 6). During the nine months ended September 30, 2011, the Company sold 2,001,600 Scotiabank Preferred Shares for proceeds of \$48,481,000. At September 30, 2011, the remaining common shares of Scotiabank and the Scotiabank Preferred Shares had a cost of \$1,368,918,000 and a fair value of \$1,302,286,000. Subsequent to September 30, 2011, the Company sold a further 7,000,000 Scotiabank Preferred Shares at a price of \$24.75 per share, before associated transaction costs.

The Company recognizes changes in fair values of available-for-sale (“AFS”) securities, other than changes that are determined to be other-than-temporary impairments in fair value, in OCI. During the nine months ended September 30, 2011, the Company recognized a loss in OCI of \$89,945,000 (nine months ended September 30, 2010 – gain of \$13,584,000) in respect of its portfolio of AFS securities, including a loss incurred during the three months ended September 30, 2011 of \$129,844,000 (three months ended September 30, 2010 – gain of \$20,805,000).

12. EQUITY ACCOUNTED INVESTMENTS

		September 30, 2011			December 31, 2010		
Trade Symbol	Investment	Ownership	Carrying Value	Fair Value	Ownership	Carrying Value	Fair Value
DPM	Dundee Precious Metals Inc.	23%	\$ 118,315	\$ 248,746	23%	\$ 106,503	\$ 288,128
D.UN	Dundee Real Estate Investment Trust	8%	159,279	166,967	9%	125,877	134,505
DI.UN	Dundee International Real Estate Investment Trust	29%	120,075	124,160	-	-	-
BWR	Breakwater Resources Ltd.	-	-	-	23%	38,963	127,939
RYG	Ryan Gold Corp. (formerly Valdez Gold Inc.)	12%	14,311	12,812	12%	5,863	20,384
-	Escal UGS S.L.	33%	-	-	33%	5,930	5,930
CRG	Corona Gold Corporation	26%	4,457	3,132	26%	5,865	7,258
ODX	Odyssey Resources Limited	31%	620	2,046	31%	708	2,046
			\$ 417,057	\$ 557,863		\$ 289,709	\$ 586,190

The aggregate fair value of the Company's equity accounted investments as at September 30, 2011 was \$557,863,000 (December 31, 2010 - \$586,190,000).

Significant Transactions Affecting the Carrying Value of Equity Accounted Investments

Breakwater Resources Ltd. ("Breakwater")

On August 31, 2011, Nyrstar NV ("Nyrstar") completed the acquisition of Breakwater pursuant to a transaction announced on June 15, 2011. Under the terms of the acquisition, shareholders of Breakwater received \$7.00 in cash per common share and a special dividend of \$0.50 per common share. The Company received total proceeds of \$155,020,000 pursuant to these arrangements, including a special dividend of \$10,335,000. Included in net earnings during the nine months ended September 30, 2011 is a pre-tax gain on disposal of the Company's interest in Breakwater of \$95,561,000.

Dundee Real Estate Investment Trust

In February, June and August 2011, Dundee REIT issued approximately 15,145,500 units pursuant to public offerings for gross proceeds of \$485,564,000. The Company purchased an aggregate of 763,000 units pursuant to these offerings. As a result, at September 30, 2011, the Company held an 8% interest in Dundee REIT. 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.

During the first nine months of the prior year, Dundee REIT completed public offerings pursuant to which it issued approximately 20,465,000 units of Dundee REIT for aggregate proceeds of \$477,685,000. The Company did not participate in these offerings.

Dundee International Real Estate Investment Trust

On August 3, 2011, Dundee International REIT completed an initial public offering pursuant to which it raised gross proceeds of approximately \$410,000,000, including \$270,000,000 on the issuance of units in Dundee International REIT at an initial price of \$10.00 per unit and \$140,000,000 in debentures. The Company and Dundee Realty purchased 12,000,000 units pursuant to the initial public offering. At September 30, 2011, the Company held a 29% interest in Dundee International REIT.

In addition to the Company's subscription pursuant to the initial public offering, and in support of Dundee International REIT's execution of a term loan credit facility led by a syndicate of European banks (which together with the proceeds from the initial public offering were used by Dundee International REIT to finance the purchase of certain European properties) (the "International REIT Credit Facility"), the Company has:

- (i) agreed, together with Dundee Realty, that it will maintain an aggregate of at least \$120,000,000 of equity in Dundee International REIT for a two-year period following closing of the initial public offering, and an aggregate of at least \$48,000,000 from the end of the two-year period until the end of the term of the International REIT Credit Facility; and
- (ii) entered into a sub-participation agreement in the principal amount of €28,850,000 with a Canadian chartered bank (the "Canadian Bank") in which the Company agreed to participate in the Canadian Bank's participation in the International REIT Credit Facility. Under the terms of the sub-participation agreement with the Canadian Bank, the Company will be entitled to receive and recover from the Canadian Bank, as applicable, its proportionate share of all repayments of principal and interest paid to the Canadian Bank under the Canadian Bank's entitlement in the International REIT Credit Facility.

Ryan Gold Corp. ("Ryan Gold")

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

Escal UGS S.L. ("Escal")

The Company's 33% interest in Escal is held directly by Castor UGS Limited Partnership ("CLP"), a subsidiary of Dundee Energy. The remaining interest in Escal is held by ACS Servicios Comunicaciones y Energia, S.L. ("ACS"), a third-party Spanish entity.

During the nine months ended September 30, 2011, Escal issued 93 par value shares for €5,000 (year ended December 31, 2010 – 138 par value shares for €7,000). To maintain its proportionate interest in Escal, CLP acquired 31 (year ended December 31, 2010 – 46) of the newly issued shares at a cost of \$3,000 (€2,000) (year ended December 31, 2010 – \$3,000; €2,000). 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 €13,771,000 (year ended December 31, 2010 – €20,429,000) and it issued €41,700,000 (year ended December 31, 2010 – €5,500,000) in subordinated loans. CLP continues to defer the recognition of the benefit of its 33% interest in the issuance premium and subordinated loans as the ultimate realization and measurement of the benefit is subject to a significant number of risks and uncertainties, including but not limited to, execution risk associated with the construction of the project, the availability and terms of future financing arrangements and the 50-year life span of the project.

Escal has established a hedging strategy to mitigate its interest rate risk associated with project financing for the construction and development of the Castor underground gas storage project. At September 30, 2011, the fair value of Escal's obligations in respect of these hedging strategies was approximately €60,286,000. Included in other comprehensive loss during the nine months ended September 30, 2011 is a fair value loss of \$5,855,000, representing the Corporation's maximum share of these losses.

Dundee Precious Metals Inc. ("Dundee Precious")

During the first quarter of the prior year, Dundee Precious completed a public offering of 20,000,000 common shares at a price of \$3.30 per share. The Company purchased an aggregate of 8,881,200 common shares of Dundee Precious 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 September 30, 2010.

Share of Earnings from Equity Accounted Investments

During the three and nine months ended September 30, 2011, the Company's share of earnings from equity accounted investments was \$15,735,000 and \$44,605,000, respectively (three and nine months ended September 30, 2010 - \$21,487,000 and \$38,153,000, respectively).

	September 30, 2011		Three months ended September 30, 2010		September 30, 2011		Nine months ended September 30, 2010	
Dundee Precious Metals Inc.	\$	11,192	\$	13,027	\$	17,095	\$	15,655
Dundee Real Estate Investment Trust		4,860		3,579		14,903		2,125
Dundee International Real Estate Investment Trust		806		-		806		-
Breakwater Resources Ltd.		-		5,489		13,372		20,675
Ryan Gold Corp.		(1,017)		(935)		(1,552)		(1,148)
Escal UGS S.L.		(14)		-		(12)		5
Corona Gold Corporation		(90)		397		81		1,031
Odyssey Resources Limited		(2)		(70)		(88)		(190)
	\$	15,735	\$	21,487	\$	44,605	\$	38,153

13. REAL ESTATE JOINT VENTURE INVESTMENTS

Percent Owned	Investment	Principal Activity	Location	Carrying Value	
				September 30, 2011	December 31, 2010
1%	Skyline International Development	Real estate development	Toronto	\$ 1,000	\$ 1,000
20%	TBH Partners	Real estate development	California	988	987
20%	Tenderfoot LLC	Real estate	Colorado	(3)	-
11%	Solaris at Metrogate	Condominium sales and development	Toronto	1,336	4,000
48%	2012468 Ontario Inc.	Real estate development	Toronto	80	80
33%	Bear Valley Mountain Resort	Skiing facilities and resort development	California	5,395	5,860
50%	SD Commercial	Investment properties	Toronto	1,148	1,919
50%	Dundee Kilmer Development	Project development	Toronto	1,751	100
50%	Firelight Infrastructure Management	Renewable energy project management	Toronto	6	95
20%	Firelight Infrastructure Fund	Renewable energy projects	Toronto	15,213	11,303
38%	Distillery Restaurant	Restaurant	Toronto	1,526	1,386
78%	Westland Properties	Land sales and development	Saskatoon	272	270
34%	CMCC Fund	Investment properties	Toronto	1,267	-
				\$ 29,979	\$ 27,000

14. REAL ESTATE ASSETS

	Inventory	Investment Properties	Income-Producing Properties	TOTAL
Balance January 1, 2010	\$ 363,143	\$ 31,794	\$ 14,240	\$ 409,177
Additions	60,111	230	14,041	74,382
Cost of development	206,643	-	-	206,643
Cost of sales	(279,997)	-	-	(279,997)
Net gain from fair value adjustments	-	2,256	-	2,256
Depreciation	-	-	(2,507)	(2,507)
Other	(395)	-	(633)	(1,028)
Balance, December 31, 2010	349,505	34,280	25,141	408,926
Additions	12,548	1,604	631	14,783
Cost of development	133,416	-	-	133,416
Cost of sales	(116,365)	-	-	(116,365)
Net gain from fair value adjustments	-	1,794	-	1,794
Depreciation	-	-	(1,610)	(1,610)
Other	(3,863)	(6)	73	(3,796)
Balance, September 30, 2011	\$ 375,241	\$ 37,672	\$ 24,235	\$ 437,148

15. RESOURCE PROPERTIES

	Ontario	Tunisia	Other	TOTAL
Balance, January 1, 2010	\$ 79	\$ 4,971	\$ 1,142	\$ 6,192
Acquisitions	157,851	-	-	157,851
Additions	3,765	2,873	(780)	5,858
Depreciation and depletion	(6,736)	-	-	(6,736)
Other	491	(495)	2	(2)
Balance, December 31, 2010	155,450	7,349	364	163,163
Acquisitions	10,076	-	-	10,076
Additions	6,348	1,318	-	7,666
Depreciation and depletion	(11,096)	-	-	(11,096)
Other	6,568	(179)	-	6,389
Balance, September 30, 2011	\$ 167,346	\$ 8,488	\$ 364	\$ 176,198

16. CAPITAL AND OTHER ASSETS

	September 30, 2011			December 31, 2010		
	Cost	Accumulated Depreciation	Net Book Value	Cost	Accumulated Depreciation	Net Book Value
Furniture and fixtures	\$ 5,251	\$ (4,659)	\$ 592	\$ 5,176	\$ (4,387)	\$ 789
Computer and network software	4,420	(4,082)	338	4,236	(3,850)	386
Leasehold improvements	6,745	(2,499)	4,246	6,190	(2,190)	4,000
Goodwill	5,658	-	5,658	5,658	-	5,658
Trademarks	13,681	(4,262)	9,419	13,279	(3,585)	9,694
Other	27,294	(4,278)	23,016	21,786	(3,336)	18,450
	\$ 63,049	\$ (19,780)	\$ 43,269	\$ 56,325	\$ (17,348)	\$ 38,977

17. 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 September 30, 2011 and 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 6) had drawn \$4,821,000 against available call loan facilities at January 1, 2010. There were no amounts outstanding pursuant to these call loan facilities at December 31, 2010.

18. RISK MANAGEMENT CONTRACTS

At September 30, 2011, and in accordance with its risk management policy, Dundee Energy had entered into certain risk management contracts as identified below:

Contract	Volume	Pricing Point	Strike Price CDNS/unit	Remaining Term
Fixed Price Swap - Crude oil	100 bbl/day	NYMEX	\$89.29	Oct 01/11 to Dec 31/11
Fixed Price Swap - Crude oil	100 bbl/day	NYMEX	\$89.60	Oct 01/11 to Dec 31/11
Fixed Price Swap - Crude oil	100 bbl/day	NYMEX	\$90.00	Oct 01/11 to Dec 31/11
Fixed Price Swap - Crude oil	50 bbl/day	NYMEX	\$95.00	Oct 01/11 to Dec 31/11
Fixed Price Swap - Crude oil	100 bbl/day	NYMEX	\$99.45	Oct 01/11 to Dec 31/11
Fixed Price Swap - Crude oil	100 bbl/day	NYMEX	\$100.00	Oct 01/11 to Dec 31/11
Fixed Price Swap - Natural Gas	6500 mbtu/day	NYMEX	\$4.66	Oct 01/11 to Feb 28/12

The fair value of the risk management contracts at September 30, 2011 resulted in a net asset balance of \$1,208,000, due principally to lower price forecasts for crude oil. The asset has been included in "Accounts receivable". At December 31, 2010, the Company had recorded a net liability of \$453,000 in "Accounts payable and accrued liabilities" in respect of these contracts.

During the three and nine months ended September 30, 2011, the Company recognized a gain of \$1,486,000 and \$2,034,000, respectively, relating to these risk management contracts.

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

19. CLIENT DEPOSITS AND RELATED LIABILITIES

	September 30, 2011	December 31, 2010
Client accounts	\$ 466,111	\$ 412,157
Brokers' and dealers' balances	98,042	56,773
Securities loaned	-	15,229
International banking client accounts	7,329	3,919
	\$ 571,482	\$ 488,078

20. DECOMMISSIONING LIABILITIES

The carrying value of the Company's decommissioning liabilities is comprised of the expected future abandonment and reclamation costs associated with the oil and gas properties acquired in southern Ontario, Canada, including the oil and gas properties acquired pursuant to the acquisition of Torque (note 7) and with its exploration and evaluation activities in Tunisia.

The Company has estimated its abandonment and reclamation costs based on the Company's net ownership in these assets, the estimated cost to abandon and reclaim these properties, including the associated facilities, and the estimated timing of the costs to be incurred in future periods.

	As at and for the period ended September 30, 2011	As at and for the year ended December 31, 2010
Undiscounted future obligations, beginning of period	\$ 81,578	\$ 1,531
Acquisitions (note 7)	4,618	80,358
Adjustments to estimates	(594)	(76)
Liabilities settled	(659)	(235)
Undiscounted future obligations, end of period	\$ 84,943	\$ 81,578

Changes in estimates recognized during the nine months ended September 30, 2011 reflect the impact of inflation to the timing of abandonment and restoration costs related to certain land and buildings used in production.

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

	As at and for the period ended September 30, 2011	As at and for the year ended December 31, 2010
<i>Discount rates applied to future obligations</i>	<i>0.95% - 2.74%</i>	<i>1.68% - 3.51%</i>
<i>Inflation rate</i>	<i>2.00%</i>	<i>2.00%</i>
Discounted future obligations, beginning of period	\$ 33,391	\$ 1,489
Acquisitions (note 7)	2,169	31,202
Liabilities settled	(659)	(235)
Effect of changes in estimates and remeasurement of discount and foreign exchange rates	6,632	412
Accretion	795	523
Discounted future obligations, end of period	\$ 42,328	\$ 33,391

As required by statute, Dundee Energy has provided the Ontario Ministry of Natural Resources with a letter of credit in respect of future abandonment costs. At September 30, 2011 and December 31, 2010, the amount of the letter of credit was \$3,270,000 (note 21).

21. CORPORATE DEBT

At September 30, 2011 and December 31, 2010 the fair value of corporate debt approximated its carrying value.

	September 30, 2011	December 31, 2010
Corporate		
\$225 million revolving term credit facility due November 11, 2011	\$ 194,116	\$ -
\$9.2 million, 5.85% exchangeable unsecured subordinated debentures due June 30, 2015	9,567	9,418
Subsidiaries		
\$80 million demand revolving credit facility, Dundee Energy Limited	57,570	62,371
\$6.1 million demand revolving credit facility, Torque (note 7)	1,148	-
\$150 million revolving term credit facility, Dundee Realty, due November 30, 2012	77,000	86,000
Other real estate debt	105,027	91,067
	\$ 444,428	\$ 248,856

Available Credit Facilities - Corporate

In November 2010, the Company had established a \$200 million revolving term credit facility with a Canadian Schedule I Chartered Bank. On July 19, 2011, the credit available pursuant to the facility was increased from \$200 million to \$225 million in order to facilitate a €28,850,000 commitment to sub-participation in a term loan credit facility with a syndicate of European banks for the benefit of Dundee International REIT (note 12).

Borrowings under the facility incurred 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 or the London Inter-Bank Offer Rate plus 2.25%. Unused amounts available under the facility were subject to a standby fee of 0.5625%.

At September 30, 2011, the Company had drawn \$194,116,000 against this facility. During the three and nine months ended September 30, 2011, interest expense relating to the Company's revolving term credit facility, including standby fees and other similar costs, was \$2,472,000 and \$3,409,000, respectively. In the three and nine months ended September 30, 2010, the Company paid interest of \$486,000 and \$1,331,000, respectively, pursuant to a previous credit facility.

On October 21, 2011, the Company entered into an amended and restated credit agreement for borrowings up to \$325 million (the "Amended Credit Facility"), subject to certain conditions. The Amended Credit Facility replaces the previously existing credit facility.

The Amended Credit Facility includes a \$225 million revolving credit amount which matures on November 11, 2012. In addition, the Amended Credit Facility includes a \$100 million credit amount that may only be drawn in certain circumstances, including amounts payable pursuant to a substantial issuer bid. The \$100 million credit amount is subject to certain installment payments on each of March 30, 2012 and June 29, 2012, after which the availability will be extinguished. At November 14, 2011, the Company had drawn \$42,800,000 against the \$100 million credit amount, the proceeds of which were used to fund the Company's substantial issuer bid (note 24).

The Amended Credit Facility bears interest, at the Company's option, at a rate per annum equal to the bank's prime lending rate for loans plus 0.75%, or the then prevailing bankers' acceptance rate or the London Inter-Bank Offer Rate plus 1.75%. Unused amounts available under the facility are subject to a standby fee of 0.39375%.

Draws against the Amended Credit Facility are contingent on, among other things, the Company pledging certain of its investments. The facility is subject to certain other 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 \$9.2 million of the Company's exchangeable debentures and restrictions on the prepayment and payment of interest on these exchangeable debentures.

\$9,182,000, 5.85% Exchangeable Unsecured Subordinated Debentures

At September 30, 2011, the Company had 9,182 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.

The Company has placed sufficient units of Dundee REIT or other securities exchangeable into units of Dundee REIT into escrow in order to satisfy the exchange feature of the exchangeable debentures. While these securities are held in escrow, the Company retains all voting rights and related privileges and is entitled to all distributions and rights of reinvestment of all distributions. During the nine months ended September 30, 2011, an aggregate of 363 exchangeable debentures were surrendered for exchange and the Company delivered 12,199 units of Dundee REIT in settlement thereof.

The carrying value of the exchangeable debentures is adjusted in the Company's consolidated financial statements to reflect the fair value of the embedded exchange feature, provided that such adjustment does not result in a carrying value that is below the principal value of the exchangeable debentures outstanding. The fair value of the exchange feature is determined using a valuation model that recognizes both the debt and exchange feature of the debentures and is based on the premise that each of these components have different default risks. Changes in the fair value of the exchange feature are recorded in consolidated net earnings. Based on this valuation model, the Company determined that the value of the exchangeable debentures at September 30, 2011 was \$9,790,000.

\$80,000,000 Demand Revolving Credit Facility, Dundee Energy Limited

On June 29, 2010, DELP, a subsidiary of Dundee Energy, 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. During the three and nine months ended September 30, 2011, interest expense relating to Dundee Energy's credit facility, including standby fees and other similar costs, was \$814,000 and \$2,676,000 respectively (three and nine months ended September 30, 2010 - \$837,000 and \$1,274,000 respectively).

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

At September 30, 2011, the subsidiary had drawn \$57,722,000 pursuant to the credit facility and it had issued a letter of credit for \$3,270,000. Available credit under the credit facility at September 30, 2011 was \$19,008,000.

\$6,100,000 Demand Revolving Credit Facility, Torque Energy Inc.

As part of the acquisition of Torque (note 7), the Company assumed a \$6,100,000 credit facility established by Torque with a Canadian chartered bank on April 25, 2011. The credit facility provides Torque with a revolving demand loan, bearing interest at the bank's prime lending rate plus 1.5%. Torque is subject to a standby fee of 0.25% on unused amounts under the credit facility.

At September 30, 2011, Torque had drawn \$1,148,000 pursuant to the credit facility. Available credit under the credit facility at September 30, 2011 was \$4,952,000. The credit facility is secured against all of the oil and natural gas properties owned by Torque.

Since the acquisition of Torque on August 4, 2011, interest expense relating to Torque's credit facility was \$9,000.

\$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 matures on November 30, 2012. The facility bears interest, at Dundee Realty's option, at a rate per annum equal to either the bank's prime lending rate plus 1.75% or at the bank's then prevailing bankers' acceptance rate plus 3.0%. The facility is secured by a general security agreement and a first charge against various real estate assets in western Canada.

At September 30, 2011, Dundee Realty had drawn \$77,000,000 against this facility and it had issued letters of credit of \$44,552,000. Interest expense relating to this revolving term credit facility during the three and nine months ended September 30, 2011 was \$976,000 and \$3,102,000, respectively (three and nine months ended September 30, 2010 - \$242,000 and \$2,358,000, respectively).

Other Real Estate Debt

Other real estate debt is secured by charges on specific properties to which the debt relates. Mortgages, including land mortgages, are secured by charges on specific properties. Housing advances are secured by charges on specific land under development, housing and condominiums under development, or land held for development. Term debt is secured by charges on specific capital assets. At September 30, 2011, the weighted average interest rate on fixed rate debt at Dundee Realty, aggregating \$43,237,000, was 7.45%. The remaining real estate debt, including in respect of Dundee Realty's demand revolving term credit facilities, is subject to variable interest rates with a weighted average rate at September 30, 2011 of 4.13%. Fixed rate debt matures between 2011 and 2030. Variable rate debt, including the revolving term credit facility, matures between 2011 and 2018.

During the three and nine months ended September 30, 2011, Dundee Realty capitalized interest of \$1,793,000 and \$2,945,000, respectively (three and nine months ended September 30, 2010 - \$193,000 and \$705,000, respectively), including interest incurred on its revolving term credit facility and on other real estate debt, to the carrying value of certain real estate assets.

22. NON-CONTROLLING INTEREST

	September 30, 2011	December 31, 2010
Non-controlling interest in:		
Dundee Realty Corporation	\$ 79,591	\$ 70,098
Dundee Capital Markets Inc.	82,642	88,624
Dundee Energy Limited	31,440	33,017
Other	4,480	5,233
	198,153	196,972
Non-controlling interest in discontinued operations	-	537,817
	\$ 198,153	\$ 734,789

23. PREFERENCE SHARES

The terms of the Company's preference shares are summarized in note 16 to the Company's 2010 Audited Consolidated Financial Statements.

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

	Number of Shares	Par Value	Issue Costs	Premium	Carrying Value
Balance as at January 1, 2010	6,000,000	\$ 150,000	\$ (3,082)	\$ 804	\$ 147,722
Amortization during the nine months ended September 30, 2010	-	-	356	(93)	263
Balance as at September 30, 2010	6,000,000	150,000	(2,726)	711	147,985
Amortization during the period from October 1, 2010 to December 31, 2010	-	-	118	(31)	87
Balance as at December 31, 2010	6,000,000	150,000	(2,608)	680	148,072
Amortization during the nine months ended September 30, 2011	-	-	356	(93)	263
Balance as at September 30, 2011	6,000,000	\$ 150,000	\$ (2,252)	\$ 587	\$ 148,335

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

	Number of Shares	Par Value	Issue Costs	Carrying Value
Balance as at January 1, 2010	5,200,000	\$ 130,000	\$ (2,915)	\$ 127,085
Issue costs incurred during the nine months ended September 30, 2010	-	-	(17)	(17)
Balance as at September 30, 2010, December 31, 2010 and September 30, 2011	5,200,000	\$ 130,000	\$ (2,932)	\$ 127,068

24. SHARE CAPITAL

	SUBORDINATE SHARES		CLASS B SHARES		TOTAL	
	Number	Amount	Number	Amount	Number	Amount
Outstanding January 1, 2010	71,204,526	\$ 281,042	3,119,437	\$ 8,165	74,323,963	\$ 289,207
Transactions during the nine months ended						
September 30, 2010						
Redeemed pursuant to issuer bid	(4,277,400)	(17,060)	-	-	(4,277,400)	(17,060)
Issuance of shares under the share incentive plan	8,181	105	-	-	8,181	105
Options exercised	674,232	1,326	-	-	674,232	1,326
Conversion from Class B Shares to Subordinate Shares	168	-	(168)	-	-	-
Outstanding September 30, 2010	67,609,707	\$ 265,413	3,119,269	\$ 8,165	70,728,976	\$ 273,578
Transactions during the period from						
October 1, 2010 to December 31, 2010						
Redeemed pursuant to issuer bid	(73,000)	(293)	-	-	(73,000)	(293)
Issuance of shares under the share incentive plan	2,040	35	-	-	2,040	35
Options exercised	7,000	94	-	-	7,000	94
Conversion from Class B Shares to Subordinate Shares	-	-	-	-	-	-
Outstanding December 31, 2010	67,545,747	\$ 265,249	3,119,269	\$ 8,165	70,665,016	\$ 273,414
Transactions during the nine months ended						
September 30, 2011						
Redeemed pursuant to issuer bid	(5,826,148)	(23,222)	-	-	(5,826,148)	(23,222)
Issuance of shares under the share incentive plan	4,500	105	-	-	4,500	105
Options exercised	3,000	32	-	-	3,000	32
Conversion from Class B Shares to Subordinate Shares	2,305	6	(2,305)	(6)	-	-
Outstanding September 30, 2011	61,729,404	\$ 242,170	3,116,964	\$ 8,159	64,846,368	\$ 250,329

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. On March 31, 2011, the Company received further regulatory approval to renew its normal course issuer bid from April 1, 2011 to March 31, 2012. The renewal provides the Company with the ability to purchase up to a maximum of an additional 4,207,351 Subordinate Shares pursuant to these arrangements, representing approximately 10% of the Company's public float on the renewal date.

During the nine months ended September 30, 2011, the Company purchased 5,826,148 Subordinate Shares (nine months ended September 30, 2010 – 4,277,400 Subordinate Shares; year ended December 31, 2010 – 4,350,400 Subordinate Shares), having an aggregate stated capital value of \$23,222,000 (nine months ended September 30, 2010 – \$17,060,000; year ended December 31, 2010 – \$17,353,000), for cancellation pursuant to these arrangements. The Company paid \$141,588,000 (nine months ended September 30, 2010 – \$56,455,000; year ended December 31, 2010 – \$57,914,000) to retire these shares. The excess of the purchase price over the value of stated capital, which totalled \$118,366,000 (nine months ended September 30, 2010 – \$39,395,000; year ended December 31, 2010 – \$40,561,000), was recorded as a reduction in retained earnings.

Substantial Issuer Bid

On September 12, 2011, the Company announced its intention to make a substantial issuer bid for up to 10,000,000 of its outstanding Subordinate Shares at a purchase price of \$23.75 per share. The substantial issuer bid expired on October 19, 2011, following which the Company purchased 10,000,000 Subordinate Shares for cancellation at an aggregate cost of \$237,500,000, representing approximately 16.2% of the Subordinate Shares issued and outstanding as of October 19, 2011.

Share Purchase Plan

As part of its share incentive arrangements (note 27), 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. Compensation expense associated with the share purchase plan during the three and nine months ended September 30, 2011 was \$131,000 and \$390,000 respectively (three and nine months ended September 30, 2010 - \$116,000 and \$341,000 respectively).

During the nine months ended September 30, 2011, the Company issued 4,500 (nine months ended September 30, 2010 – 8,181) Subordinate Shares from treasury pursuant to the share purchase plan, with the balance of the amounts contributed to the share purchase plan being used to purchase shares in the open market.

25. ACCUMULATED OTHER COMPREHENSIVE (LOSS) INCOME

	Net unrealized (loss) gains, net of taxes						Total
	Available- for-Sale Securities	Equity Accounted Investments	Foreign Currency Translation	Non- controlling Interest	Discontinued Operations		
Balance at January 1, 2010	\$ 19,705	\$ (889)	\$ (267)	\$ 967	\$ 15,748	\$ 35,264	
Transactions during the nine months ended September 30, 2010							
Other comprehensive income (loss)	13,584	7,795	101	212	(2,165)	19,527	
Balance at September 30, 2010	33,289	6,906	(166)	1,179	13,583	54,791	
Transactions during the period from October 1, 2010 to December 31, 2010							
Other comprehensive income (loss)	32,177	548	(1,144)	254	3,569	35,404	
Balance at December 31, 2010	65,466	7,454	(1,310)	1,433	17,152	90,195	
Transactions during the nine months ended September 30, 2011							
Other comprehensive (loss) income	(89,945)	(7,826)	63	2,338	(17,152)	(112,522)	
Balance at September 30, 2011	\$ (24,479)	\$ (372)	\$ (1,247)	\$ 3,771	\$ -	\$ (22,327)	

26. INVESTMENT INCOME

	Three months ended		Nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Dividends from investment in Scotiabank (note 6)				
Common shares	\$ 9,671	\$ -	\$ 29,014	\$ -
Scotiabank Preferred Shares	2,982	-	9,636	-
Other dividends, interest and cash distributions	1,131	1,191	7,848	4,699
Realized investment gains (loss) from AFS securities	(1,445)	(623)	2,703	30,712
Reinvested distributions from mutual fund investments	-	-	33	408
Other	-	493	11	493
	\$ 12,339	\$ 1,061	\$ 49,245	\$ 36,312

27. SHARE INCENTIVE PLAN ARRANGEMENTS

The terms of the Company's share based compensation plans are summarized in note 20 to the Company's 2010 Audited Consolidated Financial Statements.

Share Based Compensation

During the three and nine months ended September 30, 2011, the Company recognized share based compensation expense of \$563,000 and \$1,671,000, respectively (three and nine months ended September 30, 2010 - \$554,000 and \$1,569,000, respectively) related to share incentive arrangements, before similar arrangements of its subsidiaries, as described in the following table.

	Three months ended		Nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Share option plan	\$ 266	\$ 268	\$ 789	\$ 795
Deferred share unit plan	297	286	882	774
	\$ 563	\$ 554	\$ 1,671	\$ 1,569

Share Option Plan

A summary of the status of the Company's share option plan as at September 30, 2011 and December 31, 2010, and the changes during the nine months and the year then ended, are as follows:

	Nine months ended September 30, 2011		Year ended December 31, 2010	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	1,533,000	\$8.72	2,449,612	\$7.33
Exercised	(3,000)	\$9.40	(916,612)	\$4.99
Outstanding, end of period	1,530,000	\$8.72	1,533,000	\$8.72
Exercisable options	741,000	\$7.99	481,000	\$7.22

Exercise Price	Options Outstanding	Weighted Average Remaining Contractual Life (Years)	
		Options	Options Exercisable
Options issued with an exercise price of \$4.38	120,000	0.15	120,000
Options issued with an exercise price of \$5.13	105,000	0.53	105,000
Options issued with an exercise price of \$9.40	1,280,000	3.37	506,000
Options issued with an exercise price of \$9.67	25,000	3.38	10,000

Share Option Plan of Dundee Energy

Dundee Energy has established a share incentive plan for its directors, officers and employees. As at September 30, 2011, Dundee Energy had granted 5,665,000 options at a weighted average exercise price of \$0.92, of which 3,521,666 share options were exercisable. Dundee Energy also has a deferred share unit plan pursuant to which 533,286 awards have been issued as at September 30, 2011.

During the three and nine months ended September 30, 2011, compensation expense of \$245,000 and \$728,000 respectively (three and nine months ended September 30, 2010 – \$9,000 and \$27,000 respectively) was recognized in respect of Dundee Energy's share option arrangements and deferred share unit arrangements.

Share Based Compensation of Dundee Realty

Dundee Realty recognized share based compensation expense of \$75,000 in respect of option arrangements during the first quarter of 2010. Dundee Realty did not incur any share based compensation costs during the three and nine months ended September 30, 2011.

Share Based Compensation of Other Subsidiaries

From time to time, other subsidiaries of the Company may incur share based compensation expense pursuant to their respective share incentive plan arrangements. During the three and nine months ended September 30, 2011, EII incurred share based compensation expense of \$2,000 and \$5,000, respectively (three and nine months ended September 30, 2010 - \$1,000 and \$4,000 respectively) relating to options granted pursuant to these arrangements.

28. SELLING, GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

	Three months ended		Nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Salary and salary-related	\$ 15,860	\$ 10,741	\$ 61,909	\$ 31,038
Stock based compensation	810	564	2,404	1,675
Corporate and professional fees	7,691	7,035	21,192	19,793
General office	7,914	7,123	24,177	20,829
Capitalized expenditures	(3,740)	(3,170)	(11,447)	(8,966)
Expense recoveries	(1,601)	(787)	(3,119)	(778)
Other	828	106	2,113	128
	\$ 27,762	\$ 21,612	\$ 97,229	\$ 63,719

29. INCOME TAXES

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

	September 30, 2011	December 31, 2010
Deferred income tax assets		
Tax loss carry forwards	\$ 33,263	\$ 45,311
Capital assets	1,381	1,202
Non-deductible reserves	815	813
Accrued liabilities	1,877	1,547
Other	8,851	7,887
Total deferred income tax assets	46,187	56,760
Deferred income tax liabilities		
Available-for-sale securities and equity accounted investments	172,530	34,839
Real estate assets	35,538	29,388
Other	9,545	13,796
Total deferred income tax liabilities	217,613	78,023
Net deferred income tax liabilities	\$ 171,426	\$ 21,263

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 to pre-tax earnings as a result of the following:

	Three months ended		Nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Anticipated income tax expense based on a combined Canadian federal and provincial statutory income tax rate of 28% (2010 - 31%)	\$ 34,447	\$ 17,024	\$ 51,406	\$ 40,043
Non-deductible expenses	762	1,522	2,757	3,564
Non-taxable revenue	(3,469)	(6,550)	(6,363)	(7,920)
Remeasurement of deferred income taxes	(1,979)	3,117	(2,567)	134
Adjustments in respect of current and deferred income tax of prior years	38	(1,617)	2,738	(2,157)
Tax losses and other temporary differences not recognized	263	-	651	-
Other	(85)	(2,061)	(624)	470
Income tax expense	\$ 29,977	\$ 11,435	\$ 47,998	\$ 34,134

In accordance with IFRS, the Company's deferred 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 transaction as outlined in note 6. The associated income tax liabilities are the responsibility of DundeeWealth and have been included in "Liabilities of discontinued operations held for sale".

As at September 30, 2011, the Company had operating loss carry forwards of \$136,665,000 (December 31, 2010 - \$188,950,000). A summary of the operating loss carry forwards, by year of expiry, is as follows:

Year of Expiry:	Recognized	Unrecognized	Total
2011	\$ -	\$ 5,034	\$ 5,034
2012	-	-	-
2013	-	-	-
2014	-	12	12
2015	760	40	800
Thereafter	125,345	5,149	130,494
	126,105	10,235	136,340
Taxable capital loss	325	-	325
	\$ 126,430	\$ 10,235	\$ 136,665

30. NET EARNINGS PER SHARE

	For the three months ended		For the nine months ended	
	September 30, 2011	September 30, 2010	September 30, 2011	September 30, 2010
Net earnings attributable to owners of the parent	\$ 88,636	\$ 42,942	\$ 984,964	\$ 114,280
Less dividends on Preference shares, series 2	(2,192)	(2,192)	(6,580)	(6,580)
	\$ 86,444	\$ 40,750	\$ 978,384	\$ 107,700
Represented by:				
Continuing operations	\$ 86,444	\$ 31,359	\$ 117,226	\$ 72,727
Discontinued operations	-	9,391	861,158	34,973
Weighted average number of shares outstanding during the period	64,845,469	70,742,683	67,356,052	72,806,706
Basic earnings per share				
Continuing operations	\$ 1.33	\$ 0.44	\$ 1.74	\$ 1.01
Discontinued operations	-	0.13	12.78	0.48
	\$ 1.33	\$ 0.57	\$ 14.52	\$ 1.49
Effect of dilutive securities on available net earnings				
Continuing operations	\$ -	\$ -	\$ -	\$ -
Discontinued operations	-	(672)	-	(2,220)
Effect of dilutive securities on weighted average number of shares outstanding during the period	2,057,444	1,320,846	1,914,684	1,730,921
Diluted earnings per share				
Continuing operations	\$ 1.29	\$ 0.44	\$ 1.69	\$ 0.99
Discontinued operations	-	0.12	12.43	0.44
	\$ 1.29	\$ 0.56	\$ 14.12	\$ 1.43

31. FINANCIAL INSTRUMENTS

FAIR VALUE

The fair value hierarchy of financial instruments that are measured at fair value in the consolidated statements of financial position is summarized in the table below. There were no financial instruments included in level 3 of the fair value hierarchy at September 30, 2011 and December 31, 2010.

	September 30, 2011			December 31, 2010		
	Level 1	Level 2	Total	Level 1	Level 2	Total
Financial Assets						
Securities owned						
Bonds	\$ -	\$ 21,441	\$ 21,441	\$ -	\$ 100,333	\$ 100,333
Equities and convertible debentures	22,994	-	22,994	76,877	-	76,877
Broker warrants	-	3,405	3,405	-	-	-
Available-for-sale securities						
Publicly traded securities	1,533,354	-	1,533,354	156,556	-	156,556
Private investments	-	109,840	109,840	-	16,456	16,456
Mutual funds and other short term investments	13,078	-	13,078	17,939	-	17,939
Debt	-	75,848	75,848	-	7,531	7,531
Other assets - risk management contracts	-	1,208	1,208	-	-	-
Other assets	-	3,420	3,420	-	1,224	1,224
Financial Liabilities						
Securities sold short						
Bonds	-	(17,359)	(17,359)	-	(18,205)	(18,205)
Equities and convertible debentures	(1,833)	-	(1,833)	(1,041)	-	(1,041)
Other liabilities - risk management contracts	-	-	-	-	(453)	(453)

RISK MANAGEMENT

There have been no significant changes to financial instrument risks from those risks described in note 23 to the Company's 2010 Audited Consolidated Financial Statements, which were prepared in accordance with Canadian GAAP.

32. 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 September 30, 2011 and December 31, 2010.

	September 30, 2011	December 31, 2010
Shareholders' equity	\$ 2,064,915	\$ 1,333,654
Corporate debt	444,428	248,856
Preference shares, series 1	148,335	148,072
	\$ 2,657,678	\$ 1,730,582

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 resource 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 September 30, 2011 and December 31, 2010, the Company and its subsidiaries complied with all regulatory capital requirements and all debt covenants.

33. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

Other than as disclosed below, there have been no substantive changes to the description and nature of commitments, contingencies and off-balance sheet arrangements from those described in note 25 to the Company's 2010 Audited Consolidated Financial Statements, which were prepared in accordance with Canadian GAAP.

Pledge of Interest in Scotiabank

Subsequent to September 30, 2011, the Company deposited 17,599,028 common shares of Scotiabank and 5,895,609 Scotiabank Preferred Shares as security against its \$325 million credit facility established with a Canadian chartered bank (note 21).

Oil & Gas Commitments

On June 23, 2011, the Tunisian government provided an extension on the Sfax offshore exploration permit (the "Sfax Permit") to December 8, 2012. As a condition of the extension, EII and its joint operating partner are committed to drilling one new exploration well with depth 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 within the Sfax Permit. In the event that this work commitment is not completed, a compensatory payment of up to US\$12 million will be payable to the Tunisian regulatory bodies, less any amounts actually expended by EII and its joint venture partner. In connection with the Sfax Permit, EII and its joint venture partner are also required to complete certain abandonment activities. EII estimates that its share of the cost to meet these two commitments is US\$7.4 million.

On January 18, 2011, EII announced that, together with its joint venture partner, it had declared a condition of Force Majeure with respect to its Tunisian project. EII and its joint venture partner continue to believe that the current political uncertainty and civil unrest in Tunisia 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. Once the situation in Tunisia is resolved, EII and its joint venture partner will resume their exploration and evaluation activities.

Land Purchase Agreements and Estimated Costs to Complete

Dundee Realty had commitments under land purchase agreements totalling \$22,074,000 as at September 30, 2011 (December 31, 2010 - \$12,237,000) which will become payable in future periods on 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 September 30, 2011 were \$5,907,000 (December 31, 2010 - \$3,859,000).

Letters of Credit and Surety Bonds

Dundee Realty is contingently liable for letters of credit and surety bonds that have been provided to support land and condominium developments in the amount of \$65,837,000 (December 31, 2010 - \$50,115,000).

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 \$35,459,000 as at September 30, 2011 (December 31, 2010 - \$40,331,000). The Company would have available to it the other venturers' share of assets to satisfy the obligations that may arise.

The Maple Group

Dundee Capital Markets has committed to become an equity investor in The Maple Group, an entity that was formed by 13 Canadian financial institutions and pension plans and which has a pending takeover bid for the shares of the TMX Group Inc. (the "TMX Group"). The TMX Group currently owns and operates the TSX, serving the senior equity market, and the TSX Venture Exchange, serving the public venture equity market in Canada. If the bid is successful, Dundee Capital Markets' commitment to acquire shares of The Maple Group will be between \$15,000,000 and \$19,000,000, representing approximately 0.7% of the aggregate purchase price. The takeover bid was supported by TMX Group on October 30, 2011 and is subject to regulatory approvals. In the event that regulatory approvals are not obtained, The Maple Group has agreed to pay the TMX Group a termination fee of \$39,000,000. The takeover bid expires on January 31, 2012.

Legal Contingencies

The subsidiary of Dundee Capital Markets has agreed to indemnify its predecessor entity with respect to certain claims. One of the indemnified subsidiaries of Dundee Capital Markets participated in the underwriting syndicates in respect of public equity offerings by Sino-Forest Corporation ("Sino-Forest"). The indemnified party was named in at least three lawsuits brought by shareholders of Sino-Forest, alleging securities law violations. To date, three statements of claim have been served on the indemnified party.

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

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 has also agreed to indemnify its directors and officers and those of certain of its subsidiaries and to indemnify members of the Board of Governors of its managed products, to the extent permitted under corporate law, against costs and damages that may be incurred by such individuals as a result of lawsuits or any other proceedings in which they are sued as a result of their 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 interim consolidated financial statements with respect to these indemnifications.

34. RELATED PARTY TRANSACTIONS

There have been no significant changes in the nature and scope of related party transactions to those described in note 27 to the Company's 2010 Audited Consolidated Financial Statements, which were prepared in accordance with Canadian GAAP.

35. SEGMENTED INFORMATION

Dundee Corporation is a diversified asset management company with a core focus in the areas of real estate and infrastructure, as well as 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 select investment and income-producing properties. Also included in the real estate segment is the Company's 29% interest in Dundee International REIT and its 8% interest in Dundee REIT.

Resource

Activities in the resource segment are primarily carried out through Dundee Energy and EII. These entities carry on acquisition, exploration, development and production activities in the oil and gas sector. Dundee Energy and EII have interests in southern Ontario, Spain and Tunisia. The Company's interest in Dundee Precious and other resource-based investments, which are primarily accounted for using the equity method, are also included in this segment.

Asset Management

The Company's asset management activities are carried out through NGIC and DREAM. NGIC and DREAM provide sub-advisory and investment services to third party assets under management ("AUM"). NGIC 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, complementing the core focus areas of the Company's asset management activities. The operations of Dundee Capital Markets are primarily conducted through Dundee Securities Ltd., a full service securities dealer. Dundee Capital Markets 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 nine months ended September 30, 2011 and 2010

	Real Estate		Resource		Asset Management		Capital Markets		Intersegment		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
SEGMENTED OPERATIONS												
Revenues	\$ 194,929	\$ 276,324	\$ 26,339	\$ 8,379	\$ 75,739	\$ 55,998	\$ 89,206	\$ 90,292	\$ (5,961)	\$ (5,381)	\$ 380,252	\$ 425,612
Expenses	154,500	216,512	30,858	13,022	50,522	23,631	81,151	69,314	(4,034)	(3,346)	312,997	319,133
	40,429	59,812	(4,519)	(4,643)	25,217	32,367	8,055	20,978	(1,927)	(2,035)	67,255	106,479
Other items in earnings:												
Share of earnings from equity accounted investments	15,709	2,125	28,896	36,028	-	-	-	-	-	-	44,605	38,153
Gain on sale of equity accounted investment	-	-	95,561	-	-	-	-	-	-	-	95,561	-
Share of earnings from real estate joint ventures	155	162	-	-	-	-	-	-	-	-	155	162
Risk management gain	-	-	2,034	-	-	-	-	-	-	-	2,034	-
Fair value (loss) gain	1,794	(153)	(243)	(413)	(11,424)	-	-	-	-	-	(9,873)	(566)
Interest expense	(8,237)	(8,999)	(3,503)	(1,555)	(7,758)	(6,340)	-	(19)	1,927	2,035	(17,571)	(14,878)
Foreign exchange (loss) gain	-	-	147	(115)	(344)	(64)	-	-	-	-	(197)	(179)
NET EARNINGS BEFORE NON-SEGMENTED ITEMS	49,850	52,947	118,373	29,302	5,691	25,963	8,055	20,959	-	-	181,969	129,171
Income taxes											47,998	34,134
NET EARNINGS FROM CONTINUING OPERATIONS	49,850	52,947	118,373	29,302	5,691	25,963	8,055	20,959	-	-	133,971	95,037
DISCONTINUED OPERATIONS												
(Loss) earnings, net of taxes and non-controlling interest											(9,670)	34,973
Gain on sale of discontinued operations, net of taxes											870,828	-
NET EARNINGS FOR THE PERIOD	\$ 49,850	\$ 52,947	\$ 118,373	\$ 29,302	\$ 5,691	\$ 25,963	\$ 8,055	\$ 20,959	\$ -	\$ -	\$ 995,129	\$ 130,010
NET EARNINGS ATTRIBUTABLE TO:												
Owners of the parent	\$ 40,343	\$ 41,925	\$ 120,693	\$ 32,082	\$ 5,691	\$ 25,963	\$ 5,077	\$ 13,471	\$ -	\$ -	\$ 984,964	\$ 114,280
Non-controlling interest	9,507	11,022	(2,320)	(2,780)	-	-	2,978	7,488	-	-	10,165	15,730
	\$ 49,850	\$ 52,947	\$ 118,373	\$ 29,302	\$ 5,691	\$ 25,963	\$ 8,055	\$ 20,959	\$ -	\$ -	\$ 995,129	\$ 130,010

Segmented Statements of Operations for the three months ended September 30, 2011 and 2010

	Real Estate		Resource		Asset Management		Capital Markets		Intersegment		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
SEGMENTED OPERATIONS												
Revenues	\$ 84,253	\$ 123,350	\$ 8,683	\$ 8,201	\$ 25,476	\$ 8,096	\$ 20,161	\$ 33,535	\$ (1,991)	\$ (1,829)	\$ 136,582	\$ 171,353
Expenses	62,129	94,373	11,663	7,775	15,892	8,099	21,705	23,589	(1,335)	(1,126)	110,054	132,710
	22,124	28,977	(2,980)	426	9,584	(3)	(1,544)	9,946	(656)	(703)	26,528	38,643
Other items in earnings:												
Share of earnings from equity accounted investments	5,667	3,579	10,068	17,908	-	-	-	-	-	-	15,735	21,487
Gain on sale of equity accounted investment	-	-	95,561	-	-	-	-	-	-	-	95,561	-
Share of losses from real estate joint ventures	(307)	(171)	-	-	-	-	-	-	-	-	(307)	(171)
Risk management gain	-	-	1,486	-	-	-	-	-	-	-	1,486	-
Fair value (loss) gain	502	(115)	(136)	(25)	(11,424)	-	-	-	-	-	(11,058)	(140)
Interest expense	(2,785)	(3,105)	(1,114)	(1,088)	(2,845)	(1,398)	-	(7)	656	703	(6,088)	(4,895)
Foreign exchange gain (loss)	-	-	257	41	(177)	(53)	-	-	-	-	80	(12)
NET EARNINGS (LOSS) BEFORE NON-SEGMENTED ITEMS	25,201	29,165	103,142	17,262	(4,862)	(1,454)	(1,544)	9,939	-	-	121,937	54,912
Income taxes											29,977	11,435
NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS	25,201	29,165	103,142	17,262	(4,862)	(1,454)	(1,544)	9,939	-	-	91,960	43,477
DISCONTINUED OPERATIONS												
Earnings, net of taxes and non-controlling interest											-	9,391
Gain on sale of discontinued operations, net of taxes											-	-
NET EARNINGS (LOSS) FOR THE PERIOD	\$ 25,201	\$ 29,165	\$ 103,142	\$ 17,262	\$ (4,862)	\$ (1,454)	\$ (1,544)	\$ 9,939	\$ -	\$ -	\$ 91,960	\$ 52,868
NET EARNINGS (LOSS) ATTRIBUTABLE TO:												
Owners of the parent	\$ 20,407	\$ 22,494	\$ 104,039	\$ 17,558	\$ (4,862)	\$ (1,454)	\$ (971)	\$ 6,388	\$ -	\$ -	\$ 88,636	\$ 42,942
Non-controlling interest	4,794	6,671	(897)	(296)	-	-	(573)	3,551	-	-	3,324	9,926
	\$ 25,201	\$ 29,165	\$ 103,142	\$ 17,262	\$ (4,862)	\$ (1,454)	\$ (1,544)	\$ 9,939	\$ -	\$ -	\$ 91,960	\$ 52,868

Segmented Statements of Net Assets as at September 30, 2011 and December 31, 2010

	Real Estate		Resource		Asset Management		Capital Markets		Discontinued Operations		TOTAL	
	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010	2011	2010
Assets												
Cash and cash equivalents	\$ 12,442	\$ 12,747	\$ 2,081	\$ 2,935	\$ 19,054	\$ 29,878	\$ 122,351	\$ 86,254	\$ -	\$ -	\$ 155,928	\$ 131,814
Available-for-sale securities	39,174	-	-	-	1,692,946	198,482	-	-	-	-	1,732,120	198,482
Equity accounted investments	279,353	125,877	137,704	163,832	-	-	-	-	-	-	417,057	289,709
Other assets	669,968	673,731	193,254	179,449	44,165	57,292	660,700	668,342	-	1,868,024	1,568,087	3,446,838
	\$ 1,000,937	\$ 812,355	\$ 333,039	\$ 346,216	\$ 1,756,165	\$ 285,652	\$ 783,051	\$ 754,596	\$ -	\$ 1,868,024	\$ 3,873,192	\$ 4,066,843
Liabilities												
Corporate debt	\$ 182,027	\$ 177,067	\$ 58,718	\$ 62,371	\$ 203,683	\$ 9,418	\$ -	\$ -	\$ -	\$ -	\$ 444,428	\$ 248,856
Preference shares, series 1	-	-	-	-	148,335	148,072	-	-	-	-	148,335	148,072
Deferred income tax liabilities	47,466	46,255	8,470	(2,377)	119,032	(18,910)	(3,542)	(3,705)	-	-	171,426	21,263
Other liabilities	137,081	160,392	47,851	37,840	38,096	29,359	622,907	587,126	-	765,492	845,935	1,580,209
	\$ 366,574	\$ 383,714	\$ 115,039	\$ 97,834	\$ 509,146	\$ 167,939	\$ 619,365	\$ 583,421	\$ -	\$ 765,492	\$ 1,610,124	\$ 1,998,400
SEGMENTED NET ASSETS	\$ 634,363	\$ 428,641	\$ 218,000	\$ 248,382	\$ 1,247,019	\$ 117,713	\$ 163,686	\$ 171,175	\$ -	\$ 1,102,532	\$ 2,263,068	\$ 2,068,443
SEGMENTED NET ASSETS ATTRIBUTABLE TO:												
Owners of the parent	\$ 554,772	\$ 358,543	\$ 182,080	\$ 210,132	\$ 1,247,019	\$ 117,713	\$ 81,044	\$ 82,551	\$ -	\$ 564,715	\$ 2,064,915	\$ 1,333,654
Non-controlling interest	79,591	70,098	35,920	38,250	-	-	82,642	88,624	-	537,817	198,153	734,789
	\$ 634,363	\$ 428,641	\$ 218,000	\$ 248,382	\$ 1,247,019	\$ 117,713	\$ 163,686	\$ 171,175	\$ -	\$ 1,102,532	\$ 2,263,068	\$ 2,068,443



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Stock Listing

The Toronto Stock Exchange

Stock Symbol

DC.A