

DUNDEE BANCORP INC. ANNOUNCES FIRST QUARTER 2002 FINANCIAL RESULTS

May 24, 2002, Toronto, Ontario – **Dundee Bancorp Inc. (DBC.A – TSX)** announces its results for the first quarter of 2002. Earnings in the first quarter of 2002 were \$1.3 million or \$0.05 per share on revenues of \$64.0 million compared with a net loss in the first quarter of 2001 of \$1.1 million or \$0.04 per share on revenues of \$68.9 million.

“The Company is focused on its vision to evolve into a full-fledged financial services company serving the wealth management industry,” says Ned Goodman, President and Chief Executive Officer. “We reported in our annual report that we emerged from 2001 with renewed vigour and in an excellent position to take advantage of the tremendous growth opportunities that we envision in our future. We believe that our efforts are reflected in improved earnings this quarter.”

To that end, the Company has achieved some important milestones in this recent quarter, both in the wealth management division and in some of our core investments in the real estate and resource sector.

- The Company’s 85%-owned subsidiary, Dundee Wealth, reported \$52 million in net sales for the first quarter of 2002, continuing the positive trend established in 2001. Positive net sales, enhanced by strong market performance, resulted in assets under management growing to levels in excess of \$6.8 billion at the end of March 2002. The Company believes that this positive sales trend reflects the exceptional work done by Dundee Wealth’s investment arm, Goodman & Company Investment Counsel. As at March 31, 2002, 78% of all Dynamic Funds have one-year performance in the top two quartiles. As well, 57% of Dynamic Funds are in the top two quartiles based on three-year performance. Dynamic’s largest fund, the Dynamic Power Canadian Growth Fund, was ranked as the number-one performing, large-cap Canadian equity fund over the last 10 years. Management fee arrangements in certain funds reward performance by compensating the Company when investment performance exceeds the applicable benchmark. While current performance levels suggest that the Company is on track to earn performance fees well in excess of earnings in the previous year, performance fees are not included in operating results as they are only measured and payable at the end of each fiscal year.
- Dundee Realty Corporation reported record setting financial performance for the first quarter ended March 31, 2002. Funds from operations increased by 41.5% from \$9.5 million in the first quarter of last year to \$13.5 million in the first three months of this year. As the Company accounts for its investment in Dundee Realty on an equity basis, we recognize our proportionate share of this growth. Trading values of Dundee Realty have increased from \$13.50 per share at December 31, 2001 to \$17.32 per share as at March 31, 2002.
- In May 2002, Breakwater Resources Ltd. announced that its Rights Offering was completed and was oversubscribed with gross proceeds from the Rights Offering of \$19 million. The Company participated in the Rights Offering and subscribed for an additional 25 million shares at a total cost of \$5 million. Dundee Bancorp has received warrants to purchase approximately 30 million shares of Breakwater at \$0.20 per share for assisting Breakwater through this and other recent transactions.
- The Company has reaffirmed its commitment to foster growth in its wealth management division. Subsequent to quarter end, the Company announced that it had entered into an agreement to purchase Canadian First Financial Group Inc. (“Canadian First”) subject to certain conditions of closing. Dundee Wealth intends to integrate the mutual fund dealer operations of Canadian First, Ross Dixon Financial

Services Limited and Hewmac Investment Services Inc., into Dundee Wealth's subsidiary, Dundee Private Investors Inc. The transaction, if successful, is expected to close in the third quarter of 2002, and will add approximately 200 investment advisors and \$2.5 billion of client assets under administration to Dundee Wealth.

MANAGEMENT'S DISCUSSION AND ANALYSIS RESULTS OF OPERATIONS

In 2002, the Company implemented the requirements of CICA Handbook Section 3062, "Goodwill and Other Intangible Assets." Under this section, goodwill and other intangible assets with an indefinite life are no longer amortized. The effects of the change in policy to the financial results of the Company are detailed extensively in note 2 to the financial statements of the Company for the quarter ended March 31, 2002.

(in thousands of dollars)

<i>SEGMENTED EARNINGS</i>	<i>Wealth Management</i>		<i>Corporate and Merchant Banking</i>		<i>International Activities</i>		<i>TOTAL</i>	
<i>For the three months ended March 31</i>	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
REVENUES								
Management and administration fees	\$ 28,160	\$ 28,012	\$ -	\$ -	\$ 728	\$ 607	\$ 28,888	\$ 28,619
Redemption fees	2,045	2,403	274	533	-	-	2,319	2,936
Financial services	30,123	32,701	-	20	90	113	30,213	32,834
Intersegment distribution fee revenue	-	-	1,314	1,584	-	-	1,314	1,584
Investment income	75	514	1,190	4,262	-	289	1,265	5,065
	60,403	63,630	2,778	6,399	818	1,009	63,999	71,038
EXPENSES								
Selling, general and administrative	25,683	23,661	1,514	2,093	977	743	28,174	26,497
Variable compensation	17,275	18,880	-	-	-	-	17,275	18,880
Trailer fees	5,047	5,202	-	-	-	-	5,047	5,202
Intersegment distribution fee expense	1,314	1,584	-	-	-	-	1,314	1,584
Amortization of deferred sales commissions	8,163	7,959	-	2,210	-	-	8,163	10,169
Amortization of goodwill	-	1,134	-	194	-	120	-	1,448
Depreciation and amortization	1,378	1,127	191	192	25	18	1,594	1,337
Interest expense	490	732	2,791	2,894	22	300	3,303	3,926
	59,350	60,279	4,496	7,583	1,024	1,181	64,870	69,043
OPERATING (LOSS) EARNINGS	1,053	3,351	(1,718)	(1,184)	(206)	(172)	(871)	1,995
Other items								
Equity earnings	-	-	2,871	594	-	-	2,871	594
Non controlling interest	38	(85)	-	-	-	-	38	(85)
EARNINGS (LOSS) BEFORE TAXES	\$ 1,091	\$ 3,266	\$ 1,153	\$ (590)	\$ (206)	\$ (172)	2,038	2,504
Oil and gas properties							289	-
Discontinuance of operations in India							-	(940)
Income tax provision							(1,008)	(2,666)
							\$ 1,319	\$ (1,102)

RESULTS OF THE WEALTH MANAGEMENT DIVISION

Management fee revenues during the first quarter of 2002 were \$28.2 million. This compares to \$28.0 million in the same period of the previous year. Net sales of corporate products in the current three months were \$52 million, an improvement of almost five times the net sales levels achieved in the first quarter of 2001. Net sales of corporate products, augmented by market appreciation of approximately \$300 million, resulted in a 5% increase in assets under management from \$6.5 billion at December 31, 2001 to \$6.8 billion at March 31, 2002.

Average assets under management have increased 2% from \$6.4 billion for the three months ended March 31, 2001 to \$6.6 billion for the three months ended March 31, 2002. Net sales activity during the first three months of 2002 has been primarily in asset categories paying lower than average management fees, reducing the average fee earned from 1.73% at the end of March 2001 to 1.68% at the end of March 2002.

Redemptions of units sold on a deferred sales charge basis during the first three months of 2002 were \$199 million or 67% of all redemptions of corporate products, generating \$2.0 million in redemption fees for the wealth management division and another \$0.3 million for the corporate and merchant banking division. By comparison, total redemptions of units sold on a deferred sales charge basis during the same period of 2001 were \$191 million or 69% of total redemptions of corporate products, generating redemption fee revenues of \$2.4 million for the wealth management division and \$0.5 million for the corporate and merchant banking division. Although redemption levels have increased by \$8 million in the first quarter of 2002 compared to the first quarter of 2001, overall redemption fee revenue dropped as a result of a decrease in the average redemption fee rate. This reduction is attributable to the short redemption fee schedule implemented in 1999. Although 50% of fund sales were transacted on a deferred basis in both the current quarter of 2002 and the same period of the previous year, approximately 30% are sold with a short redemption fee option in this quarter compared to less than 15% in the same period of 2001.

Financial services revenue was \$30.1 million in the first three months of 2002 compared to \$32.7 million in the same period of the previous year. While corporate finance, institutional and principal trading activity consistently generated revenues of about \$9 million in the first quarter of 2002 and 2001, both retail commissions and trailer revenue and margin interest levels decreased in the first quarter of this year compared with the same period of 2001. Retail commission and trailer revenues, before adjustments for consolidation, decreased less than 5% period over period. This decrease reflects general market conditions affecting the brokerage industry and is quite favourable compared to industry statistics which show a general shortfall in similar revenues of over 10%. Declines in interest rates, especially in the United States, as well as changes in the mix of margin balances and free credit balances, have affected the interest spread earned by the brokerage division on its margin balances. Margin interest revenue declined from \$4.1 million in the first quarter of 2001 to \$2.0 million in the current quarter of this year.

Selling, general and administrative expenses for the quarter ended March 31, 2002 were \$25.6 million compared with \$23.5 million for the same period of 2001. Current period costs include a provision of \$1.2 million against administrative costs associated with the operations of certain mutual funds which have not yet reached critical size, and which are therefore not able to fully absorb costs of administration. By comparison, the Company had only provided \$0.1 million in the same period of 2001, necessitating a catch up amount in subsequent quarters. In May 2002, Dundee Wealth, through its subsidiary, Dynamic Mutual Funds Ltd., announced that it is proposing to amend the management fee structure on some of its mutual funds. The proposed structure, which will require the approval of unitholders or shareholders, as applicable, will see an increase in the annual limit on the funds' management expense ratio along with a reduction in the annual performance limit that the Company may earn from each of these funds. If approved, this new structure will increase the costs that the mutual funds will be able to absorb directly, thereby reducing the costs to the Company.

Also included in the current period is a provision of \$1.1 million against certain client accounts. There were no comparable reserves made in the first quarter of 2001. Total reserves available against client accounts were \$5.5 million at the end of March 2002.

Variable compensation costs decreased from approximately \$18.9 million in the first quarter of 2001 to \$17.3 million in the first quarter of 2002. Approximately \$1.0 million of this differential is attributable to and consistent with lower financial services revenues. There has also been a slight shift in retained contribution margins from approximately 34.8% in the first quarter of 2001 to 35.5% in the current quarter.

Trailer fees paid by the Company during the three months ended March 31, 2002 were \$5.0 million, a very small difference from the \$5.2 million paid for the same period of 2001. Trailer fees continue to represent approximately 0.3% of average assets managed, and represent a claim of about 18% of total management fees earned by the wealth management division.

The carrying value of deferred sales commissions on March 31, 2002 was \$55.4 million. The contingent redemption fee payable to Dundee Bancorp and its subsidiaries if all assets sold on a deferred sales charge basis were redeemed on March 31, 2002, approximates \$120 million (2001 – \$137 million). The wealth management division would be entitled to approximately \$107 million (2001 – \$111 million) or 89% (2001 – 81%) of this amount. The corporate division of Dundee Bancorp would be entitled to \$10.4 million (2001 – \$22.6 million), with the balance being payable to third-party financing vehicles.

RESULTS OF THE CORPORATE AND MERCHANT BANKING DIVISION

During the first quarter of 2002, the Company saw a significant improvement in the estimated market value of its merchant banking portfolio from approximately \$423 million at the end of December 2001 to \$493 million on March 31, 2002. These values are exclusive of Dundee Bancorp's consolidated investments in Dundee Wealth and Eurogas. During the current quarter, Dundee Bancorp invested approximately \$3.1 million in acquisitions for its portfolio and generated proceeds from the disposition of investments of approximately \$1.0 million. Market appreciation during the current quarter exceeded \$68 million, much of which results from our underlying investments in Dundee Realty Corporation, Repadre Capital Corporation and Laurentian Bank. At March 31, 2002, 69% of the market value of the investment portfolio was invested in public company securities, 15% in private companies and 16% in mutual funds and other liquid assets.

In accordance with Canadian generally accepted accounting principles, certain of the Company's investments are accounted for using the equity method whereby the Company includes its proportionate interest in the earnings and losses of these investments in the Company's consolidated earnings. The equity method will also result in the calculation and recognition of a gain or loss in respect of the investment if the Company's percentage ownership is diluted because of, for example, the issuance of additional shares by the investee.

The following table summarizes the carrying value of the Company's investment portfolio as at March 31, 2002.

<i>(in thousands of dollars)</i>	<i>Book</i>	<i>Market</i>
<i>March 31, 2002</i>	<i>Value</i>	<i>Value</i>
Equity accounted investments		
Black Hawk Mining Inc.	\$ 3,975	\$ 3,145
Breakwater Resources Ltd.	26,308	8,687
Dundee Realty Corporation	138,368	119,668
Repadre Capital Corporation	16,073	39,922
Zemex Corporation	36,611	32,507
Other	8,120	11,561
Marketable securities	79,451	76,696
Other portfolio investments	135,508	201,142
	\$ 444,414	\$ 493,328

	<i>March 31</i>	<i>March 31</i>
	<i>2002</i>	<i>2001</i>
Interest, dividends and foreign exchange	\$ 1,230	\$ 2,224
Realized investment gains	939	2,671
Realized investment losses	(951)	(338)
	1,218	4,557
Share of earnings of equity accounted investments	1,958	631
Gains (losses) from dilutions of interest in equity accounted investments	913	(37)
	\$ 4,089	\$ 5,151

Investment income in the quarter ended March 31, 2002 was \$1.2 million compared with \$4.6 million in the same period of the prior year. While dividend income was approximately \$0.5 million in each of the first quarters of 2002 and 2001, income from interest and foreign exchange decreased substantially from \$1.8 million in the first quarter of 2001 to \$0.7

million in the first three months of this year. This decrease relates primarily to the repayment of an \$8 million debt instrument from Eurogas Corporation which was repaid in the latter part of the first quarter of 2001.

Realized gains during the first quarter of 2002 were \$0.9 million and relate primarily to the disposition of an investment in a publicly traded company in the technology sector. Realized gains in the first quarter of 2001 relate to the disposition of an investment in a publicly traded company in the resource sector. The Company's portfolio is managed with a long-term perspective, therefore realized gains or losses are expected to vary from period to period. Unrealized holding gains or losses in the portfolio are not recognized in income.

General operating costs of the corporate division have decreased from \$2.1 million in the first three months of 2001 to \$1.5 million in 2002.

RESULTS OF INTERNATIONAL ACTIVITIES

Management and administration fee revenue from the Company's international subsidiaries totalled \$0.7 million in the first quarter of the current year compared to \$0.6 million in the same period of last year. Selling, general and administrative costs associated with the Company's international activities average approximately \$1 million per quarter. Costs associated with the Company's operations in India for the first quarter of 2001 have been segregated due to the Company's decision in the fourth quarter of 2001 to exit this business line.

OIL AND GAS SALES, NET OF ROYALTIES

In the first three months of 2002, Eurogas has earned revenues from oil and gas sales, net of royalties, of \$1.4 million. The operating costs associated with these sales were \$0.4 million. The Company acquired control of Eurogas in the fourth quarter of last year and therefore there are no comparative revenues or expenses in the first quarter of 2001.

INTEREST EXPENSE

Interest expense for the three months ended March 31, 2002 was \$3.2 million compared to \$3.4 million for the same period of 2001. Almost 80% of the Company's total interest, or \$2.5 million, relates to the Company's \$150 million, 6.70% senior debentures issued in September 1997.

Residual interest expense on other corporate debt dropped from approximately \$0.9 million in the first quarter of 2001 to \$0.7 million in the first quarter of this year. The decrease reflects a decline in both the prime lending rate and the US base rate reducing the average rate paid on general overdrafts from approximately 7% in the first quarter of 2001 to slightly below 4% in the current quarter. Borrowings on US overdrafts decreased from over 6% in the first quarter of 2001 to below 3% in the first quarter of 2002. The benefit of reduced lending rates however, were partially offset by increased borrowing levels under revolving term credit facilities, both at the Dundee Bancorp and Dundee Wealth levels.

DEPRECIATION, DEPLETION AND AMORTIZATION

<i>(in thousands of dollars)</i>	<i>2002</i>	<i>2001</i>
Capital assets	\$ 1,555	\$ 1,298
Bond issue costs	39	39
Oil and gas properties	282	-
	<u>\$ 1,876</u>	<u>\$ 1,337</u>

The Company acquired control of Eurogas in the fourth quarter of last year and therefore there is no comparative depletion of oil and gas properties during the first quarter of 2001.

Depreciation of capital assets increased by approximately \$0.3 million, mostly in Dundee Wealth's brokerage subsidiary, Dundee

Securities Corporation. The increase reflects the investment made by Dundee Securities during 2001 to expand the infrastructure necessary to support higher levels of investment advisor and customer activity.

EARNINGS PER SHARE

Earnings per share is computed by dividing net earnings for the period by the weighted average number of Class A subordinate voting shares ("Subordinate Shares") and Class B common shares outstanding during the period of 25,681,157 (2001 - 26,285,541). Outstanding options were not significantly dilutive.

LIQUIDITY AND CAPITAL RESOURCES

Total cash and short term investments at March 31, 2002 were \$86.9 million compared with \$118.0 million at the end of 2001. Additionally, approximately 16% of the market value of the Company's portfolio is invested in liquid investments, including money market instruments, bonds and mutual funds. The Company's main operating subsidiaries operate in a regulated environment and are therefore subject to requirements whereby they must maintain required levels of capital. At March 31, 2002, all regulated entities complied with regulatory capital requirements and reported excess capital of over \$27 million.

During the first three months of 2002, the Company paid \$6.6 million (2001 – \$5.3 million) to fund sales commissions. Cash flows from operations in Dynamic have been sufficient to fund these commissions internally. The Company is examining the use of outside sources of capital to meet the potential demand that would result from higher levels of sales.

In the first quarter of this year, the Company expended over \$12 million to acquire 825,009 Subordinate Shares pursuant to its normal course issuer bid at an average price of \$14.78 per share.

Management believes that cash flow generated from management and advisory activities, together with the Company's borrowing facilities, will be sufficient to meet on-going working capital requirements, including planned capital spending and debt servicing requirements.

SHARE CAPITAL

At March 31, 2002, there were 24,318,841 Subordinate Shares and 1,050,705 Class B common shares outstanding. During the first quarter of 2002, the Company issued 380,836 Subordinate Shares and added \$1.2 million to its stated capital pursuant to the terms of its Share Incentive Plan.

In March 2002, the Company announced that it had obtained approval to purchase another 1.2 million Subordinate Shares pursuant to a normal course issuer bid expiring on March 31, 2003. Dundee Bancorp purchased an aggregate of 1,387,357 Subordinate Shares at an average price of \$14.57 per share under a normal course issuer bid which commenced March 27, 2001 and expired March 26, 2002. Over 825,000 of these shares were acquired during the first quarter of 2002 at an aggregate cost of \$12 million. The Company continues to believe that the purchase and cancellation of these shares at current market prices enhances long-term shareholder value.

This document contains certain forward-looking statements that reflect the current views and/or expectations of Dundee Bancorp Inc. with respect to its performance, business and future events. Such statements, by their nature, involve a number of risks, uncertainties and assumptions. Actual results and events may vary materially from those expressed or implied in these statements.

Dundee Bancorp Inc. is primarily a holding company dedicated to wealth management and financial services. Its domestic financial service activities are carried out through its 85%-owned subsidiary, Dundee Wealth Management Inc. Dundee Bancorp also provides financial services internationally through its offices in Bermuda and the Cayman Islands. Together, these operations provide a broad range of financial products to individuals, institutions and corporations. Dundee Bancorp also holds and manages its own portfolio of investments, both directly and indirectly through wholly-owned subsidiaries. The portfolio includes both publicly listed and private companies in a variety of sectors, including real estate, resources and financial services.

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CONSOLIDATED BALANCE SHEETS

As at March 31, 2002 and December 31, 2001

(expressed in thousands of Canadian dollars) (unaudited)

	March 31, 2002	December 31, 2001
ASSETS		
Cash and short term investments	\$ 86,918	\$ 117,995
Brokerage securities inventory	11,965	10,613
Accounts receivable	36,724	39,281
Current taxes receivable	1,225	-
Client accounts receivable	268,836	229,172
Investment portfolio	444,414	441,324
Future income tax assets	25,196	23,739
Deferred sales commissions	55,378	56,910
Capital and other assets	155,754	154,837
TOTAL ASSETS	\$ 1,086,410	\$ 1,073,871
LIABILITIES		
Accounts payable and accrued liabilities	\$ 41,035	\$ 46,289
Brokerage securities sold short	4,995	2,094
Client deposits and related liabilities	294,030	269,615
Current taxes payable	-	2,344
Corporate debt	209,113	203,799
Future income tax liability	63,787	66,154
Non controlling interest	38,279	37,721
	651,239	628,016
SHAREHOLDERS' EQUITY		
Share capital		
Common shares	331,904	340,109
Retained earnings	103,267	105,746
	435,171	445,855
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 1,086,410	\$ 1,073,871

CONSOLIDATED STATEMENTS OF OPERATIONS

For the three months ended March 31, 2002 and 2001

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

	2002	2001
REVENUE		
Management and administration fees	\$ 28,888	\$ 28,619
Redemption fees	2,319	2,936
Financial services	30,213	32,834
	61,420	64,389
Investment income	1,218	4,557
Oil and gas sales, net of royalties	1,383	-
	64,021	68,946
EXPENSES		
Selling, general and administrative	28,523	27,437
Variable compensation	17,275	18,880
Trailer fees	5,047	5,202
Operating costs, oil and gas properties	430	-
	51,275	51,519
OPERATING EARNINGS BEFORE INTEREST, TAXES AND OTHER NON CASH ITEMS		
Amortization of deferred sales commissions	12,746	17,427
Amortization of goodwill (note 2)	(8,163)	(10,169)
Depreciation, depletion and amortization	-	(1,448)
Interest expense	(1,876)	(1,337)
	(3,167)	(3,418)
OPERATING (LOSS) EARNINGS	(460)	1,055
Share of earnings of equity accounted investments	2,871	594
Income taxes		
Current	(4,311)	(3,574)
Future	3,303	908
Non controlling interest	(84)	(85)
NET EARNINGS (LOSS) FOR THE PERIOD	\$ 1,319	\$ (1,102)
RETAINED EARNINGS AT BEGINNING OF PERIOD	\$ 105,746	\$ 163,462
Net earnings (loss)	1,319	(1,102)
Change in opening retained earnings to account for change in accounting policy of equity accounted investees, net of tax (note 2)	(1,362)	701
Premiums related to cancellation of share capital	(2,436)	(9)
Cancellation of stock options	-	(94)
RETAINED EARNINGS AT END OF PERIOD	\$ 103,267	\$ 162,958
EARNINGS (LOSS) PER SHARE		
Basic earnings (loss) per share	\$ 0.05	\$ (0.04)
Diluted earnings (loss) per share	\$ 0.05	\$ (0.04)

CONSOLIDATED STATEMENTS OF CASH FLOWS

For the three months ended March 31, 2002 and 2001

(expressed in thousands of Canadian dollars) (unaudited)

	2002	2001
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net earnings (loss)	\$ 1,319	\$ (1,102)
Non cash items:		
Depreciation, depletion and amortization	10,039	12,954
Net investment losses (gains)	4	(2,333)
Share of unremitted equity earnings	(2,871)	(594)
Future income tax provision	(3,303)	(908)
Non controlling interest	84	85
Other non cash components of income	349	885
	5,621	8,987
Changes in:		
Accounts receivable	2,557	7,243
Accounts payable and accrued liabilities	(5,254)	(14,668)
Current taxes payable	(3,569)	(8,902)
Brokerage securities inventory, net	1,549	4,565
Client accounts receivable, net of deposits and related liabilities	(15,249)	15,700
CASH (USED IN) PROVIDED FROM OPERATING ACTIVITIES	(14,345)	12,925
CASH FLOWS FROM INVESTING ACTIVITIES:		
Proceeds on sales of portfolio investments	989	6,858
Acquisition of investments	(3,073)	(1,008)
Sales commissions paid on distribution of mutual funds	(6,631)	(5,254)
Other	(2,829)	(1,615)
CASH USED IN INVESTING ACTIVITIES	(11,544)	(1,019)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Increase in corporate debt	5,302	1,314
Issuance of Class A subordinate shares, net of costs	1,179	204
Issuance of shares in subsidiaries to non controlling interest	521	261
Acquisition of Class A subordinate shares	(12,190)	(25)
Cancellation of options granted	-	(162)
CASH (USED IN) PROVIDED FROM FINANCING ACTIVITIES	(5,188)	1,592
NET (DECREASE) INCREASE IN CASH DURING THE PERIOD	(31,077)	13,498
Cash, beginning of period	117,995	106,456
CASH, END OF PERIOD	\$ 86,918	\$ 119,954
Cash flows from operating activities include the following:		
Interest paid	\$ 3,167	\$ 3,418
Taxes paid	\$ 8,420	\$ 12,875

DUNDEE BANCORP INC.**NOTES TO THE CONSOLIDATED FINANCIAL STATEMENTS**

For the three months ended March 31, 2002 and 2001

(unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

The interim consolidated financial statements of Dundee Bancorp Inc. (the "Company" or "Dundee Bancorp") have been prepared in accordance with Canadian generally accepted accounting principles and follow the same accounting principles and methods of application as those disclosed in note 1 to the Company's audited consolidated financial statements for the year ended December 31, 2001, except as disclosed in note 2 below. These interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2001.

2. CHANGES IN ACCOUNTING POLICIES**Goodwill and Other Intangible Assets**

On January 1, 2002, the Company adopted CICA Handbook Section 3062, "Goodwill and Other Intangible Assets." Under this section, goodwill and certain other intangible assets with an indefinite life are no longer amortized. Included in the Company's balance sheet is \$90.4 million of goodwill and other intangible assets. These assets were not amortized in the first three months of 2002. Previously, these assets were amortized on a straight-line basis over 20 years. The new guideline requires impairment testing on the carrying value of goodwill and other intangible assets. The Company expects to complete its impairment testing of goodwill by June 30, 2002, but no impairment losses are expected. The Company has completed its impairment testing of intangible assets and no impairment losses were recorded.

The effects of the above change in accounting policy to the consolidated financial statements, had the requirements of section 3062 been applied retroactively to 2001 would be as follows:

	<i>March 31,</i>	<i>March 31,</i>
	<i>2002</i>	<i>2001</i>
Reported earnings (loss)	\$ 1,319	\$ (1,102)
Add back amortization of goodwill and other intangible assets, net of tax	-	1,392
Net earnings adjusted for amortization of goodwill and other intangible assets	\$ 1,319	\$ 290
Basic and diluted earnings per share as reported	\$ 0.05	\$ (0.04)
Basic and diluted earnings per share adjusted for amortization of goodwill and other intangible assets	\$ 0.05	\$ 0.01

One of the Company's equity accounted investees completed impairment testing of goodwill and other intangible assets as required under Section 3062, during the first quarter of 2002. As a result, the equity accounted investee recorded a

charge to January 1, 2002 opening retained earnings of approximately \$4.9 million. Dundee Bancorp recorded its proportionate interest in this charge, net of tax, against opening retained earnings as at January 1, 2002.

Stock-based Compensation

The Company implemented the requirements of CICA Handbook Section 3870, "Stock-based Compensation" on January 1, 2002. This section requires the use of a fair-value-based method to account for certain types of stock-based compensation arrangements.

Dundee Bancorp, and its 85%-owned subsidiary, Dundee Wealth Management Inc. ("Dundee Wealth"), may issue shares pursuant to their respective Share Incentive Plans. The terms under which shares may be issued to employees and others pursuant to these plans are detailed in note 9 to the Company's consolidated financial statements for the year ended December 31, 2001. Details of the Dundee Wealth Share Incentive Plans are included in note 10 to the consolidated financial statements of Dundee Wealth for the year ended December 31, 2001, a copy of which was included in the Company's annual report for the year ended December 31, 2001.

The Company has amended the terms of the Share Option Plan component of the Share Incentive Plans. Awarding of share options under the terms and conditions of the amended plan will not result in compensation expense when granted, but will be credited to shareholders' equity when the share option is ultimately exercised. As required by the new section, the Company will disclose on a pro forma basis in the notes to the financial statements the effect on reported net income and earnings per share of applying the fair-value-based method to account for awards granted under the Share Option Plans on or after January 1, 2002. There were no awards of share options during the first quarter of 2002.

3. SEGMENTED INFORMATION

Financial information is presented according to the following operating segments:

Wealth Management

The wealth management segment includes the operating results of the Company's financial service subsidiary, Dundee Wealth. This segment provides investment management and administrative services to Dynamic, Dynamic Power and Dynamic Focus + Mutual Fund families, the Viscount Wealth Management Program, Dundee Precious Metals Inc., Dynamic Venture Opportunities Fund Ltd., CMP Resource Limited Partnerships, high net worth private individuals, institutions and corporations. This operating segment also includes the retail distribution and brokerage subsidiaries of Dundee Wealth which are engaged in retail distribution of financial products and are also engaged in institutional sales, trading, research and investment banking.

Corporate and Merchant Banking

The corporate and merchant banking segment includes various revenues and expenses incurred at the corporate level, including revenues generated and expenses incurred in the management of the Company's investment portfolio. Merchant banking activities carried out by certain foreign subsidiaries are included in this segment.

International Activities

The Company's international financial service activities are carried out through several wholly-owned subsidiaries located in Bermuda and the Cayman Islands. Through these entities, the Company provides investment management and administrative services to mutual funds, hedge funds and other investment clients.

<i>SEGMENTED EARNINGS (LOSS)</i>	<i>Wealth Management</i>		<i>Corporate and Merchant Banking</i>		<i>International Activities</i>		<i>TOTAL</i>	
	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>	<i>2002</i>	<i>2001</i>
<i>For the three months ended March 31</i>								
Revenues	\$ 60,403	\$ 63,630	\$ 2,778	\$ 6,399	\$ 818	\$ 1,009	\$ 63,999	\$ 71,038
Expenses	59,350	59,145	4,496	7,389	1,024	1,061	64,870	67,595
Amortization of goodwill	-	1,134	-	194	-	120	-	1,448
OPERATING (LOSS) EARNINGS	1,053	3,351	(1,718)	(1,184)	(206)	(172)	(871)	1,995
Other items:								
Equity earnings	-	-	2,871	594	-	-	2,871	594
Non controlling interest	38	(85)	-	-	-	-	38	(85)
EARNINGS (LOSS) BEFORE TAXES	\$ 1,091	\$ 3,266	\$ 1,153	\$ (590)	\$ (206)	\$ (172)	2,038	2,504
Oil and gas properties							289	-
Discontinuance of operations in India							-	(940)
Income tax provision							(1,008)	(2,666)
							\$ 1,319	\$ (1,102)