FORM 40-F

Annual reports filed by certain Canadian issuers pursuant to Section 15(d) and Rule 15d-4

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FILER

DUNDEE CORP

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SIC: **6282** Investment advice

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UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 40-F

[Check one]

[ ] REGISTRATION STATEMENT PURSUANT TO SECTION 12 OF THE SECURITIES EXCHANGE ACT OF 1934

OR

[X] ANNUAL REPORT PURSUANT TO SECTION 13(a) or 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

For the fiscal year ended December 31, 2008 Commission File Number 0-25542

DUNDEE CORPORATION

(Exact name of registrant as specified in its charter)

Province of Ontario, Canada	**6282**	**Not Applicable**
(Province or other jurisdiction of incorporation or organization)	**(Primary Standard Industrial Classification Code Number)**	**(I.R.S. Employer Identification No. (if applicable))**

1 Adelaide Street East, 28th Floor
Toronto, Ontario
Canada M5C 2V9
(416) 863-6990

(Address and telephone number of Registrant's principal executive offices)

CT Corporation System
1015 15th Street, NW, Suite 1000
Washington, D.C.
20005

(202) 572-3100

(Name, address (including zip code) and telephone number (including area code)
of agent for service in the United States)

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copies to:

Joanne Ferstman
Executive Vice President,
Chief Financial Officer and Corporate Secretary
1 Adelaide Street East, 28th Floor
Toronto, Ontario

Ramandeep Grewal
Stikeman Elliott LLP
Barristers & Solicitors
5300 Commerce Court West
199 Bay Street

Canada M5C 2V9	Toronto, Ontario Canada M5L 1B9

Securities registered or to be registered pursuant to Section 12(b) of the Act.

Title of each class	Name of each exchange on which registered
Not applicable	Not applicable

Securities registered or to be registered pursuant to Section 12(g) of the Act.

Class A subordinate voting shares with no par value

(Title of Class)

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act.

Not applicable

(Title of Class)

For annual reports, indicate by check mark the information filed with this Form:

[X] Annual information form   [X] Audited annual financial statements

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the annual report.

71,139,788 Class A subordinate voting shares and 3,119,788 Class B common shares.

Indicate by check mark whether the Registrant by filing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934 (the "Exchange Act"). If "Yes" is marked, indicate the file number assigned to the Registrant in connection with such Rule.

Yes ____   82-____   No __X__

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Exchange Act during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports) and (2) has been subject to such filing requirements for the past 90 days.

Yes __X__   No ____

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

This annual report on Form 40-F includes, and other public communications by Dundee Corporation, including other documents filed with the Canadian securities regulators, the SEC or stock exchanges may include, forward looking statements. All such statements are made pursuant to the "safe harbour" provisions of applicable Canadian and U.S. securities laws. Forward looking statements may include, but are not limited to statements about anticipated future events including comments with respect to our objectives and priorities for 2009 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. Such statements are based on current expectations of management of the Company and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and those affecting the financial services industry generally. The forward-looking information contained in this annual report on Form 40-F is presented for the purpose of assisting our shareholders in understanding our business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes.

The risks, uncertainties and other factors that may influence actual results are referenced in the Risk Factor section of the Company's Annual Information Form attached as Exhibit 99.1 and in the section entitled "Managing Risk" in the Company's Management's Discussion and Analysis which is attached as Exhibit 99.3. Actual results may differ materially from the forward looking statements contained in this Annual Report on Form 40-F, depending upon, among other factors, general economic and market conditions, our ability to execute our strategic plans and meet financial obligations, the performance of the Company's principal subsidiaries and the Company's ability to raise additional capital; creating, attracting and retaining assets under management and assets under administration; competition faced by the Company; regulation of the Company's businesses; risks associated with the Company's real estate and resources businesses, and the Company's investment holdings in general including risks associated with oil and gas and mining exploration and development activities, environmental risks, inflation, changes in interest rates, commodity prices, and other financial exposures; maintenance of minimum regulatory capital requirements for certain of the Company's subsidiaries; 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 are identified based upon information available as of March 31, 2009.

Assumptions about the future performance of the Canadian and U.S. economies were material factors considered by management when setting the Company's strategic priorities and objectives, and when determining our financial targets. In determining our expectations for economic growth in the financial services, real estate and resources sectors, we considered historical economic data provided by the Canadian government and its agencies, and current market conditions including the status of the current credit crisis.

These forward-looking statements are not guarantees of future performance and 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. As evidenced by the events of the past year and the recent market crisis, 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.

DISCLOSURE CONTROLS AND PROCEDURES

In accordance with the rules of the Securities and Exchange Commission, the Company maintains disclosure controls and procedures and, under the supervision and with the participation of its management, including its Chief Executive Officer and Chief Financial Officer, has evaluated the effectiveness of the design and operation of these disclosure controls and procedures as of the end of the period covered by this report. Based on that evaluation, the Company's Chief Executive Officer and Chief Financial Officer concluded that, as of December 31, 2008, the Company's disclosure controls and procedures were effective.

MANAGEMENT'S REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of the Company is responsible for establishing and maintaining adequate internal control over financial reporting for the Company as defined in Rule 13(a)-15(f) under the Securities Exchange Act of 1934, as amended. The Company's internal control system is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with applicable accounting standards.

The Company's internal control over financial reporting includes policies and procedures that: pertain to the maintenance of records that in reasonable detail accurately and fairly reflect the transactions and dispositions of the assets of the Company and its consolidated entities; provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with accounting principles generally accepted in Canada, and that receipts and expenditures of the Company are being made only in accordance with authorizations of management and directors of the Company; and provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use or disposition of the Company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

Under the supervision and with the participation of the Company's Chief Executive Officer and Chief Financial Officer, the Company's management assessed the effectiveness of the Company's internal control over financial reporting as of December 31, 2008, based on the criteria set forth by the Committee of Sponsoring Organizations of the Treadway Commission (COSO) in Internal Control-Integrated Framework.

Based on this assessment, management concluded that the Company's internal control over financial reporting was effective as of December 31, 2008.

ATTESTATION REPORT OF THE PUBLIC ACCOUNTING FIRM

The Company is required to provide an auditor's report on internal control over financial reporting for the fiscal year ended December 31, 2008. In this report, the Company's independent auditor, PricewaterhouseCoopers LLP, must state its opinion as to the effectiveness of the Company's internal control over financial reporting as of December 31, 2008. PricewaterhouseCoopers LLP has audited the Company's consolidated financial statements included in this Annual Report on Form 40-F and has issued a report on the effectiveness of the Company's internal control over financial reporting, which is included in its report on the Company's consolidated financial statements filed as an exhibit to this Annual Report on Form 40-F.

CHANGES IN INTERNAL CONTROL OVER FINANCIAL REPORTING

There have been no changes in the Company's internal control over financial reporting identified in connection with the evaluation required by paragraph (d) of 17 CFR 240.13a-15 or 240.15d-15 that occurred during the period covered by this annual report that has materially affected, or is reasonably likely to materially affect, the Company's internal control over financial reporting.

AUDIT COMMITTEE FINANCIAL EXPERT

The Company has an audit committee established by the directors of the Company (the "Audit Committee"). The Audit Committee is comprised of the following five directors of the Company: K. Barry Sparks, Robert McLeish, Normand Beauchamp, Garth A.C. MacRae and Ellis Jacob. The board of directors of the Company has determined that each of the members of the Audit Committee has the necessary qualifications to be designated as an "Audit Committee Financial Expert" of the Company as such term is defined in the Form 40-F. All members of the Audit Committee have been deemed by the board of directors of the Company to be independent of the Company as such term is defined under the rules of the New York Stock Exchange.

The Securities and Exchange Commission has indicated that the designation of a member of the Audit Committee as an Audit Committee Financial Expert does not make such member an "expert" for any purpose, does not impose any duties, obligations or liabilities on such member that are greater than those imposed on the member as a member of the Audit Committee and board of directors of the Company nor does it affect the duties, obligations or liability of any other member of the board of directors of the Company.

CODE OF ETHICS

The Company has not adopted a formal code of ethics as each of the senior executive officers of the Company, as well as a number of the Company's other officers, directors and employees, are already subject to other codes of ethics or rules of professional conduct. Each of the senior executive officers listed below holds a professional designation and is, therefore, subject to prescribed standards of professional conduct and/or a code of ethics relating to such designation. Accordingly, the Company's board of directors has determined that it not necessary to establish a separate corporate code of ethics in order to ensure that the conduct of such officers is governed by appropriate ethical standards and guidelines. The following are the codes of ethics and rules of professional conduct to which each of the senior executive officers of the Company is subject:

- The Chief Executive Officer of the Company is a member of the CFA Institute (formerly the Association of Investment Management and Research) and, accordingly, is subject to the Code of Ethics and Standards of Professional Conduct of the CFA Institute (the "CFA Code"). The Chief Executive Officer is also subject to the Code of Ethics and Standards of Professional Conduct (the "Goodman Code") of Goodman & Company, Investment Counsel Ltd., a subsidiary of the Company, adopted in January 1998, as updated, which meets the requirements of the CFA Code and the requirements of a model code for an investment counsel/portfolio manager in Canada.
- The Chief Financial Officer of the Company is a Chartered Accountant and is subject to the Professional Code of the Ordre des comptables agréés du Québec and is also subject to the Goodman Code.
- The Vice President and the Controller of the Company is a Certified Management Accountant and is subject to the Code of Professional Ethics of The Society of Management Accountants of Ontario.

Each of the CFA Code, the Goodman Code and certain of the other codes or rules of professional conduct noted above have provisions relating to, among other things, compliance with applicable laws, rules and regulations, confidential information, prohibition against insider trading and use of material non-public information, prohibition against professional misconduct and conflicts of interest.

A number of the directors, officers, employees and financial advisors of certain subsidiaries of the Company are also subject to one or more of the following: the CFA Code, the Goodman Code, the rules and regulations of the securities regulatory authorities in Canada, the Investment Industry Regulatory Organization of Canada, the Mutual Fund Dealers Association of Canada and all Canadian stock exchanges.

PRINCIPAL ACCOUNTANT FEES AND SERVICES

During 2008 and 2007, the Company (and its subsidiaries that were audited by the Company's external auditor) paid the following fees to the Company's external auditors, for the following fee categories:

Fee Category	2008 (Cdn. $)	2007 (Cdn. $)
Audit Fees	2,472,575	2,599,500
Audit-Related Fees	363,750	389,760
Tax Services Fees	449,744	307,781
All Other Fees	Nil	42,074
Total Fees	3,286,069	3,339,115

Audit Fees

Audit fees include all fees paid to the Company's external auditor for the audit of the Company's consolidated financial statements and other required statutory/regulatory audits and filings of the Company and certain of its subsidiaries.

Audit-Related Fees

Audit-related fees include all fees paid to the Company's external auditor for audit-related services including the review of the Company's interim financial statements, preparation and/or review of certain filings with Canadian securities regulators, including comfort and consent letters, and accounting consultations on matters addressed during the audit and interim reviews.

Tax Services Fees

Tax services fees include all fees paid to the Company's external auditor for tax-related advice including tax return preparation and/or review and tax planning advice.

All Other Fees

All other fees include fees paid to the Company's external auditors for products and services other than those described under "Audit Fees", "Audit-Related Fees" and "Tax Fees" above. In 2008, there were no services in this category.

PRE-APPROVAL OF AUDIT AND NON-AUDIT SERVICES PROVIDED BY INDEPENDENT AUDITORS

The Audit Committee has reviewed the magnitude and nature of all fees in respect of services provided by the external auditors during the years ended December 31, 2008 and 2007 to ensure that they are compatible with maintaining the independence of the external auditor.

The Company has established a policy in respect of the pre-approval of non-audit services, including audit-related and tax services, to be provided by the Company's independent auditors. The Audit Committee administers the requirements of the Company's policy. Under the policy, the Audit Committee will review annually the recurring audit fees for the coming year. The policy also requires that any audit, audit-related or tax services proposed during the year be pre-approved by the Audit Committee, evidenced by approval from the Chairman of the Audit Committee.

The Audit Committee approved 100% of the fees paid to the Company's external auditors.

OFF-BALANCE SHEET ARRANGEMENTS

Information on the Company's off-balance sheet arrangements is included in the Company's Management's Discussion and Analysis for the year ended December 31, 2008, under the caption "Off-Balance Sheet Arrangements", which is attached as Exhibit 99.3 to, and incorporated by reference in, this report.

CONTRACTUAL OBLIGATIONS

Information on the Company's contractual obligations is included in the Company's Management's Discussion and Analysis for the year ended December 31, 2008, under the caption, "Contingencies and Commitments", which is attached as Exhibit 99.3 to, and incorporated by reference in, this report.

UNDERTAKING

The Registrant undertakes to make available, in person or by telephone, representatives to respond to inquiries made by the Commission staff, and to furnish promptly, when requested to do so by the Commission staff, information relating to: the securities registered pursuant to Form 40-F; the securities in relation to which the obligation to file an annual report on Form 40-F arises; or transactions in said securities.

SIGNATURE

Pursuant to the requirements of the Exchange Act, the Registrant certifies that it meets all of the requirements for filing on Form 40-F and has duly caused this annual report to be signed on its behalf by the undersigned, thereto duly authorized.

DUNDEE CORPORATION

By: /s/ Joanne Ferstman
Joanne Ferstman
Executive Vice President,
Chief Financial Officer and Corporate Secretary
Date: April 8, 2009

EXHIBIT INDEX

Exhibit No.	Description
99.1	Annual Information Form, dated March 31, 2009, of Dundee Corporation.
99.2	Audited consolidated financial statements of Dundee Corporation as of and for the year ended December 31, 2008, together with the auditor's report thereon and the auditor's report on the Company's internal control over financial reporting.
99.3	Management's Discussion and Analysis for the year ended December 31, 2008.
99.4	Consent of PricewaterhouseCoopers LLP.
99.5	Certifications required by Rule 13a-14(b) or Rule 15-14(b) and Section 1350 of Chapter 63 of Title 18 of United States Code, pursuant to Section 302 of the *Sarbanes-Oxley Act* of 2002.
99.6	Certifications required by Rule 13a-14(a) or Rule 15d-14(a), pursuant to Section 906 of the *Sarbanes-Oxley Act* of 2002.

Exhibit 99.1

ANNUAL INFORMATION FORM

March 31, 2009

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CAUTION REGARDING FORWARD-LOOKING STATEMENTS

The Company's public communications may include written or oral forward-looking statements. Statements of this type are included in this annual information form ("AIF") of the Company, and may be included in other filings with the Canadian and United States securities regulators, stock exchanges or in other communications. All such statements are made pursuant to the "safe harbour" provisions of applicable Canadian and U.S. Securities laws. Forward-looking statements may include, but are not limited to statements about anticipated future events including comments with respect to our objectives and priorities for 2009 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. Such statements are based on current expectations of management of the Company and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and those affecting the financial services industry generally. The forward-looking information contained in this AIF is presented for the purpose of assisting our shareholders in understanding our business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes.

The risks, uncertainties and other factors that may influence actual results are referenced in the Risk Factors section of this AIF on page 36 and in the section entitled "Managing Risk" in the Company's Management's Discussion and Analysis which section is incorporated by reference herein. Actual results may differ materially from the forward-looking statements contained in this AIF, depending upon, among other factors, general economic and market conditions, our ability to execute our strategic plans and meet financial obligations, the performance of the Company's principal subsidiaries and the Company's ability to raise additional capital; our ability to create, attract and retain Assets under Management and Assets under Administration; risks relating to trading activities and investments; competition faced by the Company; regulation of the Company's businesses; risks associated with the Company's real estate and resources businesses and the Company's investment holdings in general, including risks associated with oil and gas and mining exploration, development and processing activities, environmental risks, inflation, changes in interest rates, commodity prices and other financial exposures; the maintenance of minimum regulatory capital requirements for certain of the Company's subsidiaries 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 are identified based upon information available as of March 31, 2009.

Assumptions about the future performance of the Canadian and U.S. economies were material factors considered by management when setting the Company's priorities and objectives, and when determining our financial targets. In determining our expectations for economic growth in the financial services, real estate and resource sectors, we considered historical economic data provided by the Canadian government and its agencies and current market conditions, including the status of the current credit crisis.

Forward-looking statements contained in this AIF are not guarantees of future performance and 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. As evidenced by the events of the past year and the recent credit crisis, 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.

THE COMPANY–CORPORATE STRUCTURE

GENERAL

Dundee Corporation (formerly, Dundee Bancorp Inc.) (the "Company") is a Canadian public asset management company dedicated to private wealth management, real estate and resources through a variety of activities and investments. Certain of these activities are carried out directly through wholly or partially owned subsidiaries while others are undertaken through equity accounted or portfolio investment holdings. The Company's four financial reporting segments are as follows: (i) wealth management; (ii) real estate; (iii) resources; and (iv) other investments and corporate costs. The Company's other investment holdings include both publicly listed and private companies in a variety of sectors as well as investments in highly liquid securities such as mutual funds.

The registered and head office of the Company is located at Dundee Place, 1 Adelaide Street East, 28th Floor, Toronto, Ontario, M5C 2V9. Dundee Corp. also has offices in Cayman Islands and Bermuda. As of February 28, 2009, the Company had 33 employees.

Unless otherwise indicated, the information appearing in this AIF is stated as at December 31, 2008 and all amounts are in Canadian dollars unless otherwise indicated.

References in this AIF to:

- "Assets under Administration" mean the approximate market value of client assets administered in respect of which Dundee Corp. earns commissions, trailer service fees or administrative and other similar fees. Assets under Administration are not reflected on the Company's balance sheet. To the extent that Assets under Administration are managed by Dundee Corp., such assets may also be included in their respective Assets under Management;
- "Assets under Management" mean the market value of client assets managed by Dundee Corp. on a discretionary basis in respect of which Dundee Corp. earns an investment management fee and, in certain cases, performance fees. Assets under Management are not reflected on the Company's balance sheet;
- "Common Shares" means the class B common shares of the Company;
- "Company" means Dundee Corporation (formerly, Dundee Bancorp Inc.), a Canadian public asset management company dedicated to private wealth management, real estate and resources through a variety of activities and investments;
- "DCC Equities" means DCC Equities Limited;
- "DundeeWealth" means DundeeWealth Inc. (formerly, Dundee Wealth Management Inc.), a Canadian public wealth management company, and the principal subsidiary of the Company;
- "Dundee Corp." means Dundee Corporation and its consolidated subsidiaries unless the context otherwise requires or indicates;
- "Dundee Insurance" means Dundee Insurance Agency Ltd., a managing general agent;
- "Dundee Mortgage" means Dundee Mortgage Services Inc., a mortgage broker;
- "Dundee Private Investors" means Dundee Private Investors Inc., a mutual fund dealer;

- “Dundee Realty” means Dundee Realty Corporation;
- “Dundee REIT” means Dundee Real Estate Investment Trust;
- “Dundee Resources” means Dundee Resources Limited;
- “Dundee Securities” means Dundee Securities Corporation, a securities dealer;
- “DWM” means DWM Inc.;
- “Dynamic Funds” means the Dynamic family of funds managed by GCICL;
- “GCICL” means Goodman & Company, Investment Counsel Ltd., an investment management company and manager of various investment products, including Dynamic Funds, Portfolio Solutions and Other Investment Solutions;
- “IIROC” means the Investment Industry Regulatory Organization of Canada;
- “MFDA” means the Mutual Fund Dealers Association of Canada;
- “Other Investment Solutions” means private client accounts, tax-assisted investment products and closed-end investment products;
- “Portfolio Solutions” means the portfolio solutions managed by GCICL;
- “Scotiabank” means The Bank of Nova Scotia; and
- “Subordinate Voting Shares” means the class A subordinate voting shares of the Company.

INCORPORATION AND ORGANIZATION

The Company was incorporated under the laws of the Province of Ontario by articles of incorporation effective November 2, 1984. The Company changed its name to Dundee Bancorp Inc. by articles of amendment effective July 26, 1991 and changed its name to its present form by articles of amendment effective December 14, 2004. The Company’s current share capital structure was created by articles of amendment effective October 10, 1991, October 24, 1991, October 29, 1991, March 17, 1993 and June 22, 2006. See “Description of Share Capital”. The stated capital of the Company was reduced by articles of amendment effective August 4, 1992. The Company was inactive prior to October 31, 1991, at which time it became a public company pursuant to articles of arrangement effective October 30, 1991. The articles of amendment dated June 21, 2007 subdivided the Subordinate Voting Shares and Common Shares of the Company on a 3-for-1 basis, effective as of the close of business on July 6, 2007.

INTERCORPORATE RELATIONSHIPS

Principal Subsidiaries of the Company

The principal subsidiaries of the Company, the corresponding jurisdictions of incorporation and the Company’s percentage interest in such subsidiaries as of February 28, 2009 are set forth in the table below:

Name	Percentage Interest held Directly or Indirectly by the Company	Jurisdiction of Incorporation/ Formation
DCC Equities Limited (1)	100%	Ontario
Dundee Capital Corporation (2)	100%	Ontario
Dundee Realty Corporation (3)	75%	British Columbia
DundeeWealth Inc. (4)	49.1%	Ontario

Notes:

(1) A number of investments of the Company are held through DCC Equities. 1255895 Ontario Limited ("1255895") and New Venture Equity Limited ("New Venture") own together 100% of the outstanding shares of DCC Equities. 1255895 holds 100 common shares and 2,236,188 Class A shares and New Venture holds 8,638 Class A shares. The Company owns 100% of the shares of 1255895 and New Venture.

(2) A number of investments of the Company are held through Dundee Capital Corporation. The Company holds 8,700 common shares of Dundee Capital Corporation.

(3) The Company holds its interest in Dundee Realty directly and indirectly through 0764704 B.C. Ltd. The Company holds shares representing 75% of the votes and equity of Dundee Realty, as well as various classes of preference shares. See "Business of the Company - Real Estate".

(4) The Company's interest in DundeeWealth is calculated assuming the conversion of the first preference shares, series X into common shares of DundeeWealth. The Company owns, directly and indirectly, 69,490,415 common shares of DundeeWealth and 5,453,668 first preference shares, series X of DundeeWealth. Dundee Corporation has voting control over 1,958,159 common shares of DundeeWealth that are held in escrow. All of the outstanding special shares, series C, special shares, series D and special shares, series E of DundeeWealth are currently held in escrow and will be released from escrow and converted into common shares at various dates ending on September 3, 2009 initially on a one-for-one basis, subject to adjustment in certain circumstances. While the special shares, series C, special shares, series D and special shares, series E are held in escrow, they will be voted in the same manner as the shares of DundeeWealth held by the Company are voted at all meetings of the shareholders of the Company. Assuming the conversion of the first preference shares, series X, this represents a direct and indirect equity ownership of 49.1% and a direct and indirect or control over a 62.4% voting interest by the Company in DundeeWealth on a non-diluted basis. For additional principal subsidiaries of the Company that are principal subsidiaries of DundeeWealth, see "Intercorporate Relationships - Principal Subsidiaries of DundeeWealth".

Principal Subsidiaries of DundeeWealth

The Company's most significant holding is its 49.1% interest in DundeeWealth. The principal subsidiary of DundeeWealth is DWM, an Ontario holding company. DundeeWealth carries on its business primarily through DWM and through the operating subsidiaries of DWM. The following table sets forth the name and jurisdiction of incorporation of each of the principal subsidiaries of DundeeWealth and DWM as of February 28, 2009:

Name	Percentage Interest held Directly or Indirectly by DWM	Jurisdiction of Incorporation/ Formation
Dundee Private Investors Inc. (1)	100%	Ontario
Dundee Securities Corporation (2)	100%	Ontario
Goodman & Company, Investment Counsel Ltd. (3)	100%	Ontario

Notes:

(1) Dundee Private Investors is licensed as a mutual fund dealer. DPII Holding Corp., an Ontario company, owns 100% of the outstanding common shares of Dundee Private Investors Inc. DWM holds 100% of the shares of DPII Holding Corp. See

“Business of the Company - Wealth Management”.

(2) Dundee Securities is licensed as a securities dealer. DSC Holding Corp., an Ontario company, owns 100% of the outstanding shares of Dundee Securities. DWM holds 100% of the shares of DSC Holding Corp. See “Business of the Company - Wealth Management”.

(3) GCICL is licensed as an investment counsel/portfolio manager. DMFL Holding Corp., an Ontario company, owns 100% of the outstanding shares of GCICL. DWM holds 100% of the shares of DMFL Holding Corp. See “Business of the Company - Wealth Management”.

RECENT DEVELOPMENTS

RAVENSDEN ASSET MANAGEMENT INC.

In September 2008, Ravensden Asset Management Inc. (“Ravensden”), a registered Investment Counsel and Portfolio Manager in Ontario was acquired by the Company. Ravensden provides investment advice directly and in a sub-advisory role to institutional and individual clients and investment funds. Mr. Ned Goodman, President and Chief Executive Officer of the Company, is the President and Chief Executive Officer, and a portfolio manager of Ravensden. Ravensden has entered into a sub-advisory agreement with GCICL pursuant to which Ravensden acts as a sub-advisor for certain funds managed by GCICL.

DUNDEEWEALTH SHARE PURCHASE

On January 18, 2008, the Company announced that it intended to purchase up to 5% of the then outstanding common shares of DundeeWealth through the facilities of the Toronto Stock Exchange. In 2008, the Company purchased 5,279,000 common shares of DundeeWealth through the facilities of the Toronto Stock Exchange, representing approximately 4.5% of the outstanding common shares.

EUROGAS CORPORATION AND EUROGAS INTERNATIONAL INC.

Prior to August 5, 2008, Eurogas International Inc. ("Eurogas International") was a wholly-owned subsidiary of Eurogas Corporation (“Eurogas”). On August 5, 2008, as part of a series of transactions, Eurogas reorganized its share capital in the course of which it exchanged all of the then existing outstanding common shares of Eurogas International for 32,150,000 Series A preference shares of Eurogas International, having an aggregate value equal to the fair market value of Eurogas International at that time, and 31,143,635 common shares of Eurogas International (the "Eurogas International common shares"), having an aggregate value of $1.00. The Eurogas International common shares were then distributed, by way of dividend in kind, to the holders of record of common shares of Eurogas as at the close of business on August 5, 2008, such that each such holder of record received one Eurogas International common share for every five common shares of Eurogas held. Shareholders did not receive shares or cash in lieu of fractional shares. A certificate representing the Eurogas International common shares was deposited with Computershare Trust Company of Canada, as escrow agent, to be held as agent for the recipients of the dividend in kind until the qualification of a prospectus of Eurogas International in Canada. On March 26, 2009, Eurogas International’s final prospectus was receipted by the securities regulatory authorities in Canada and the common shares were listed for trading on the Canadian National Stock Exchange (“CNSX”) under the symbol “EI“ on March 31, 2009.

RESTRUCTURING OF DUNDEEWEALTH’S ASSET BACKED COMMERCIAL PAPER INVESTMENTS

On December 11, 2008, the Pan-Canadian Investors Committee announced that an agreement in principle had been reached among various key participants in the proposed reorganization of certain non-bank sponsored asset backed commercial paper investments. As part of the final agreement, the governments of Canada and Quebec, with participation by Ontario and Alberta, and certain other participants agreed to provide additional margin facilities and approved a moratorium on collateral calls to July 16, 2010. The Superior Court of Ontario granted the plan implementation order on January 12, 2009 and the arrangement was certified by the Court on January 21, 2009 (the “ABCP Restructuring”).

Following approval of the ABCP Restructuring, DundeeWealth received the following replacement notes. Approximately 71% of DundeeWealth’s original investment in asset backed commercial paper (“ABCP”) was replaced with senior Class A-1 and Class A-2 long-term floating rate notes. These notes were assigned a rating of "A" by Dominion Bond Rating Service Limited ("DBRS"). The notes have a legal maturity date that extends into 2056, although expectation is that these notes will be repaid earlier than their legal maturity. DundeeWealth also received subordinated Class B and Class C long-term floating rate notes representing approximately 8% of the original ABCP investment. Assets having uncertain credit quality were restructured on an individual transaction-by-transaction basis and DundeeWealth received long-term floating rate notes for these assets, which represented approximately 19% of the original investment. DundeeWealth has no recourse to recover the remaining 2% of its ABCP portfolio. See also "Risk Factors" below.

PURCHASE OF DUNDEE REIT UNITS

On December 24, 2008, Dundee Realty, a subsidiary of Dundee Corporation, acquired through a private agreement an additional 460,000 Dundee REIT Units Series B ("Series B Units") of Dundee REIT. The Series B Units were acquired at $8.35 per unit, for an aggregate purchase price of $3,841,000. Following the transaction, Dundee Corporation, Dundee Realty and its affiliates held an aggregate 20.7% voting and equity interest in Dundee REIT.

BUSINESS STRATEGY

Dundee Corporation is a Canadian public asset management company dedicated to the private wealth management, real estate and resource sectors. The Company's strategy is to acquire, develop and/or manage high quality assets and businesses that generate the opportunity for sustained growth in these core sectors with the objective of achieving higher returns on invested capital, and by increasing management fees over the long term. In each sector in which it operates, the Company executes its strategy both by taking direct and fiduciary ownership positions in various assets which will be managed on a proprietary basis, and by entering into arrangements for the management of third party assets.

The Company has chosen to focus on the wealth management, real estate and resource sectors as a result of its extensive experience in these businesses as conducted through its subsidiaries, including as of February 28, 2009:

- DundeeWealth - its 49.1% owned investment management, financial advisory and capital markets business which became a public company in 1999 with approximately $49.9 billion in Assets under Management and Assets under Administration, and a network of more than 1,400 advisors.

- Dundee Realty - its 75% owned real estate company operating in the real estate asset management business, with activities in the land and housing business in Canada and the United States and including its real estate management and advisory services business conducted through Dundee Real Estate Asset Management Limited Partnership ("DREAM"). These activities are further supplemented by a portfolio of select income generating properties and by the Company's 20.5% interest in Dundee REIT.

- Dundee Resources - its wholly owned subsidiary, a technical advisor to, and manager of, its resource assets. Operations in the resources sector are also carried out through the Company's 53% interest in Eurogas which is involved in natural gas storage activities in Spain as well as the Company's 53% interest in Eurogas International which carries out oil and gas exploration and development with interests in Tunisia. The resource segment also includes various other portfolio holdings, including an approximate 20% interest in Dundee Precious Metals Inc. ("Dundee Precious"), 25% interest in Breakwater Resources Ltd. ("Breakwater"), 43% interest in Odyssey Resources Limited ("Odyssey"), 26% interest in Corona Gold Corporation ("Corona"), a 33% interest in Valdez Gold Inc. ("Valdez") and 14% interest in Iberian Minerals Corp ("Iberian").

- The Company's international wealth management segment includes the activities of The Garda

Corporation and The Dundee Merchant Bank which are carried out through offices in Bermuda and the Cayman Islands, respectively.

The Company's goal is to become a leading Canadian asset manager primarily by expanding its assets under management in each of its core sectors and by increasing opportunities to earn fee revenues through asset management activities. Ravensden, as a registered investment counsel and portfolio manager, may provide, from time to time, investment advisory services to the Company and/or the Company's subsidiaries in formulating investment policies and strategies and/or assist in the management of the Company's assets within these core sectors. Pursuant to a subadvisory agreement with GCICL, Ravensden provides discretionary investment management services in respect of certain mutual funds, hedge funds, closed end funds and Goodman Private Wealth Management accounts managed by GCICL. As at February 28, 2009, an aggregate of $1.94 billion of Assets under Management was subadvised by Ravensden pursuant to such agreement.

Management believes that the Company is well positioned to capitalize on its expertise, reputation and relationships in the wealth management, real estate and resource sectors to drive asset gathering activities, and thereby create long term value for the Company's shareholders.

A description of the businesses of the Company follows. In addition to the information provided in this AIF, our subsidiaries and investee companies which are also reporting issuers have filed disclosure documents containing more detailed information relating to their operations, which documents are filed on SEDAR at www.sedar.com.

BUSINESS OF THE COMPANY

The Company's four reportable segments for financial reporting purposes are as follows: (i) wealth management; (ii) real estate; (iii) resources; and (iv) other investments and corporate costs.

WEALTH MANAGEMENT

In 1998, in order to more effectively compete in the financial services industry, the Company began the long-term strategic evolution of its core investment management business, carried on since beginning as an investment club in 1957, into an integrated wealth management business combining product development, investment management and distribution. The Company's financial services operations were well positioned for this transformation, having established an investment management business in 1991 and a financial planning business and a niche institutional research oriented brokerage firm in 1993. The Company created DundeeWealth in 1998 and, since then, DundeeWealth has been actively pursuing its stated strategy of being an integrated wealth management company.

Since its creation, DundeeWealth has expanded its investment management and advisory businesses through strategic acquisitions, internal growth from net sales of mutual funds and other managed investment products and market appreciation. Through a series of acquisitions from December 1998 to December 31, 2008, DundeeWealth expanded its investment management, advisory and brokerage business. In 2007 and 2008, the Company further extended its investment management and distribution platform by acquiring:

- In June 2007, DundeeWealth S.A. (formerly, VMR Fund Management S.A.), a Luxembourg fund management company with assets under management of approximately $69 million;
- In July 2008, 60% ownership of Aurion Capital Management Inc., a Toronto based institutional money manager with more than $4.5 billion in assets under management; and
- In July 2008, 89% ownership of DundeeWealth US, LP (formerly, BHR Fund Advisors, L.P.) a U.S. based mutual fund manager and distribution platform founded in 2006.

As of February 28, 2009, DundeeWealth oversees approximately $49.9 billion in fee earning assets. A significant portion of the Company's revenues are derived from its 49.1% interest in DundeeWealth.

DundeeWealth has three main businesses: (i) investment management; (ii) financial advisory; and (iii) capital markets, comprised of institutional sales and trading, investment banking and investment research. DundeeWealth has embarked on a plan for the integration of its investment management, manufacturing and distribution activities, the re-alignment of its capital markets division and the unification of its back office support service in order to enhance service levels and achieve greater efficiency in delivery and costs. In line with this strategic direction, in December 2008 Dundee Wealth sold its Quebec based mutual fund dealer and insurance distribution operations to Industrial Alliance Insurance and Financial Services Inc.

Investment Management

DundeeWealth's investment management business consists of creating, managing, packaging and administering investment portfolios and providing internal and third-party management and advisory services. Revenues are derived primarily from management and performance fees charged for the management of investment products (including mutual funds, pooled funds and closed-end funds, third-party assets, tax-assisted investment products and private and institutional client accounts) and, accordingly, are primarily influenced by assets under management.

Investment Products and Services

DundeeWealth, through GCICL, has responded to changing investor needs and attitudes by introducing investment products and services in addition to traditional mutual funds, including private client accounts, portfolio solutions, tax-assisted investment products, closed-end investment products and alternative investment products. GCICL has created and is managing and administering, among others, the following investment products and services:

- Dynamic Funds™ which are publicly offered mutual funds that cover a broad range of asset classes (equity, fixed income, balanced, specialty), investment disciplines (value, growth, focus) and geographic focuses (Canadian, U.S., European, International).

- Private Client Accounts including high net worth client accounts which are managed on a segregated, discretionary basis through Goodman Private Wealth Management, a division of GCICL.

- Portfolio Solutions which allow investors to invest in a specific portfolio of investments designed to achieve strategic asset allocation with multi-layered diversification and enhanced quarterly investor reporting, including Dynamic Strategic Portfolios™, DynamicEdge Portfolios™ and Marquis Investment Program™.

- Tax-assisted Investment Products which allow investors to participate in tax-assisted investments which facilitate the allocation and utilization of income tax deductible expenses by the investors, including the flow-through limited partnerships of CMP™ and Canada Dominion Resources which invest in a diversified portfolio of flow-through shares of resource companies.

- Closed-end Funds, the securities of which are traded on an exchange and the portfolios of which are designed to invest in one or more sectors and asset categories, including income trusts, energy trusts, public and private equities, dividend paying equities and high yield debt securities. GCICL manages a number of investment products such as CMP Gold Trust, DPF India Opportunities Fund and the diversiFunds™.

- Alternative Investment Products which permit investors to diversify into varying investment strategies, such as short-selling, swaps and leveraging, that are not permitted for traditional mutual funds, and

- which include a number of privately offered hedge funds such as, Dynamic Alpha Performance Fund™, Dynamic Alternative Opportunities Fund™, Dynamic Contrarian Fund™, Dynamic Focus+ Alternative Fund™, Dynamic Income Opportunities Fund™, Dynamic Power Emerging Markets Fund™, Dynamic Power Hedge Fund™, Dynamic Strategic Value Fund™, Goodman Private Diversified Bond Pool™ and Goodman Private Core Equity Pool™.

Investment Management and Advisory Services

Investment management and advisory services are provided through DundeeWealth:

- The GCICL investment management division, comprised of 14 portfolio managers and several analysts, provides investment management services in respect of managed investment products as well as certain third-party investment products. GCICL follows various investment strategies as detailed in publically filed disclosure documents filed on SEDAR in respect of each fund.

- Goodman Private Wealth Management™, a division of GCICL, manages and services high net worth private client investment accounts, including accounts of individuals, taxable foundations, estates, institutions and personal trusts through comprehensive, personalized investment advice.

- DundeeWealth S.A.™, a wholly owned indirect subsidiary of GCICL, is a Luxembourg based management company that offers UCITS III investment funds to retail and institutional European investors. DundeeWealth S.A. is the distributor of the Dynamic Investment Fund, a Société d'Investissement À Capital Variable, which is an open-ended investment fund offering six sub-fund categories to institutional investors in European member states and is registered for retail sales in Luxembourg, the United Kingdom and France. GCICL is the manager of the Dynamic Investment Fund.

- Aurion Capital Management Inc., a majority owned subsidiary of DundeeWealth and an affiliate of GCICL, is a registered Investment Counsel and Portfolio Manager and Limited Market Dealer in certain jurisdictions in Canada, including Ontario, that provides investment counselling services to primarily an institutional client base specializing in Canadian equities, fixed income (core and corporate portfolios), real estate, foreign equities and alternatives.

- DundeeWealth US™, a majority owned limited partnership of DundeeWealth, is a U.S. based registered Investment Advisor with the U.S. Securities and Exchange Commission that acts as investment manager and distributor for institutional funds.

- Goodman & Company N.Y. Ltd., a wholly-owned subsidiary of GCICL, is a registered Investment Advisor with the U.S. Securities and Exchange Commission that provides investment advisory and investment management services to investors in the United States. Such investors include high net worth and institutional clients, personal holding corporations, estates, investment funds and trusts.

Management of Dynamic Funds, Portfolio Solutions and Other Investment Solutions

GCICL's core business activity is to: (i) manage or arrange for the management of and market investment portfolios; (ii) manage the overall business of the funds, including providing fund accounting and administration services and promoting the sales of the securities of the funds managed by GCICL; (iii) distribute the securities of the funds to the public through authorized distributors and dealers; (iv) carry out research and select investment opportunities for the funds; and (v) record the owners of securities of the funds, except where the transfer/registrar agency services are provided by Computershare, transfer redemption orders, issue investor account statements and issue annual tax reporting information for the funds. A substantial portion of the revenues of DundeeWealth's investment management business is derived from the services provided by GCICL to the funds.

Pursuant to a management agreement with each of the Dynamic Funds, the Portfolio Solutions and the Other Investment Solutions, each entity pays a monthly or quarterly management fee to GCICL for management and distribution services provided to it by GCICL based on a specified percentage of the net asset value of the applicable fund. Such management fees are comparable to the management fees charged by GCICL's competitors within the investment fund industry and can range from 0.50% to a maximum of 3.0% per annum of the net asset value of the applicable fund. The net asset value of a fund depends primarily on the level of its net assets and the market value of its portfolio investments. In addition, certain Dynamic Funds and Other Investment Solutions pay a performance fee to GCICL when such funds out perform applicable benchmarks. The performance fees payable by the Dynamic Funds can range from 1% to a maximum of 3% of the net asset value of the fund. For certain Other Investment Solutions, the performance fee can be up to 20% of the amount by which the fund's performance exceeds its applicable benchmark. Management fees and performance fees may be increased only with the prior approval of securityholders of the applicable funds.

In general, each investment fund managed by GCICL is responsible for its own administrative and operating expenses including, without limitation, audit and legal fees, registry and transfer agency fees, custodian fees, portfolio and investment costs, expenses of communication with securityholders, all costs imposed by statute or regulation, and applicable taxes. From time to time, however, GCICL may absorb a portion of these expenses.

Certain Dynamic Funds, Portfolio Solutions and Other Investment Solutions are subject to investment sub-advisory agreements pursuant to which outside investment advisory firms have been retained to provide advice relating to all or a portion of the investment portfolios. These investment advisory firms receive a fee based on a percentage of the net asset value of the portion of the fund to which such firm provides advice and may receive a percentage of the performance fee earned, where applicable. These fees are paid to the investment advisory firms by GCICL from the compensation that GCICL receives as manager of the applicable funds. In addition, Ravensden acts as a sub-advisor for certain funds managed by GCICL.

Distribution of Dynamic Funds, Portfolio Solutions and Other Investment Solutions

DundeeWealth's investment management business employs a multi-channel strategy designed to achieve a broad distribution of Dynamic Funds, Portfolio Solutions and Other Investment Solutions. Dynamic Funds, Portfolio Solutions and Other Investment Solutions are distributed through approximately 33,000 financial advisors located across Canada and, in respect of closed-end investment products, investment dealer syndicates.

As permitted under applicable securities laws and certain industry guidelines, GCICL provides a range of marketing support programs to assist financial advisors in their efforts to market DundeeWealth's investment products, including providing research materials on Dynamic Funds and Portfolio Solutions and marketing materials generally describing the benefits of mutual fund investing. GCICL organizes educational conferences and seminars for financial advisors and, in compliance with regulatory requirements, may share with registered dealers and brokers the cost of advertising and marketing activities, including investor conferences and seminars. GCICL believes that its partnership-like relationship with independent financial advisors assists such financial advisors by improving their time with clients and provides them with the opportunity to learn more about giving sound financial advice. Such programs may be discontinued or modified at any time without notice.

Board of Governors and Independent Review Committee

GCICL has sought to provide the securityholders of investment funds managed by GCICL, with an independent governance body (the "Board of Governors") for over twelve years. The original members of the Board of Governors were appointed by GCICL while new members are appointed on the approval of the Board of Governors. The Board of Governors is composed of seven members, the majority of whom are independent from the Company and its subsidiaries. The function of the Board of Governors is to represent the interests of the securityholders of the investment funds managed by GCICL and to act in an advisory capacity to GCICL. This responsibility is expressed in the Board of Governors' mission and mandate. In carrying out its mandate effectively and assisting in the decision making process, the Board of Governors has formed the following three committees: the Audit Committee, the Fund Review Committee and the Governance Committee.

In addition, on November 1, 2007, GCICL established an independent review committee ("IRC") for the investment funds managed by GCICL which deals with conflict of interest matters presented to it by GCICL in accordance with National Instrument 81-107 – Independent Review Committee for Investment Funds. The IRC will provide its recommendations or approvals, as required, to GCICL with a view to the best interests of the funds. The IRC is currently comprised of the following five members, all of whom are independent of the Company and its subsidiaries: Mr. Brahm Gelfand (Chairman), Mr. Alain Benedetti, Mr. Richard Crowe, Mr. Ronald Singer and Mr. Frank White.

Financial Advisory

DundeeWealth's financial advisory business encompasses the advisors of Dundee Securities, Dundee Private Investors, Dundee Insurance and Dundee Mortgage, all operating under the Dundee Wealth Management brand. The following is a breakdown of advisors and branches which are operating under the Dundee Wealth Management brand as of February 28, 2009[1]:

IIROC Advisors	552
MFDA Advisors	682
Insurance-only Agents	172
	1,406
IIROC Branches and Sub-Branches	228
MFDA Branches and Sub-Branches	313
	541 [2]

Notes:

(1) The majority of the branches are independent businesses owned and operated by advisors under the Dundee Wealth Management brand.

(2) This number includes 537 independent branches and sub-branches of DundeeWealth's financial advisory network.

DundeeWealth's financial advisory business is a network of full service, independent financial planning and investment professionals, who provide a wide range of wealth management products and services to individuals and businesses across Canada. DundeeWealth's open architecture approach provides investment products created by third party entities as well as by the investment management business of DundeeWealth. Revenues are primarily derived from commissions, advisory fees, transaction fees and administration fees relating to the sale of investment, insurance and lending products.

DundeeWealth provides a flexible infrastructure for advisors to work within a full service securities platform, a mutual fund dealer platform or an insurance sales platform as either employees or independent agents. DundeeWealth's flexibility is attractive to a wide variety of advisors.

DundeeWealth executes its strategy, in part, by providing access to high quality products, training and management tools to its advisors and clients. Both its MFDA and IIROC member firms share a common back office infrastructure and technology that provides comprehensive reporting and administrative capabilities.

Capital Markets

The capital markets business of DundeeWealth is conducted through Dundee Securities and operates under the Dundee Capital Markets brand. The principal activities included in this business unit are investment banking, institutional equities sales and trading, and investment research. It also includes proprietary equity trading as well as retail fixed income and foreign exchange activities, the latter two principally designed to service DundeeWealth's financial advisory and asset management businesses. In 2008, Dundee Capital Markets realigned its principal focus in core sectors. Opportunities in other sectors will be explored where merited as a result of existing relationships, changing market conditions and other factors but resources, including financial and intellectual capital, will be concentrated in these core sectors. Employee numbers provided below for Dundee Capital Markets are as of February 28, 2009.

Investment Banking

DundeeWealth's investment banking group provides a variety of financial services, including underwriting the sale of securities to the public, private placements of securities and advisory services related to mergers and acquisitions, divestitures, restructurings and stock exchange listings. The investment banking group has technical expertise and specialized capabilities in its core sectors. In the last few years the investment banking group has continued to increase its presence in Canada's investment community with respect to its participation in both the number of transactions and in its general participation level within underwriting syndicates. The investment banking and equity capital markets group currently employs 25 professionals located in Toronto, Montreal, Calgary and Vancouver.

Institutional Equities Sales and Trading

The primary focus of the institutional equities sales and trading group is the selling, purchasing and trading of equity and equity-related securities on behalf of institutional clients, including mutual funds, hedge funds, pension funds, banks and insurance companies, generally involving large blocks of listed and over-the-counter equities. These transactions are typically handled on an agency basis, but Dundee Securities may, from time to time, take long or short positions as principal to facilitate client trading. Dundee Securities utilizes its own capital for principal trading, both for its own account as well as to improve liquidity and facilitate client transactions.

The institutional sales and trading group is comprised of 16 institutional traders, 9 institutional sales professionals and 17 professional traders located in Toronto, Montreal, Calgary and Vancouver representing Dundee Securities on all Canadian stock exchanges. The institutional sales and trading group works closely with the investment banking and the research groups to meet the needs of institutional investors in creating and effecting equity based capital markets transactions. Additionally, Dundee Securities has a proprietary equity trading team which is comprised of 3 professionals, based in Toronto. This team trades a proprietary account for Dundee Securities in the equities markets.

Investment Research

The research group provides individual investors and institutional clients with reports and opinions covering a number of industry sectors and specific companies to assist in the making of investment decisions. The Dundee Securities research group has a total of 31 professionals including 14 research analysts and 17 research associates providing research coverage on approximately 145 specific companies with a principal focus on its core sectors.

Other

Dundee Capital Markets operations also include a retail fixed income operation comprised of 5 individuals which provides fixed income product to our financial advisory network and foreign exchange operations comprised of 2 individuals who provide foreign exchange services to our financial advisory network and to other parts of the DundeeWealth business.

REAL ESTATE

Dundee Corp.'s real estate activities consist of: (i) the operations of its 75% owned subsidiary, Dundee Realty; and (ii) as at February 28, 2009 the Company's approximate 20.5% interest in Dundee REIT. As of February 28, 2009, Dundee Realty had 179 employees.

Dundee Realty

Dundee Realty is involved in a wide spectrum of activities in the real estate sector including acquisition, sale, and development of commercial and residential real estate. Immediately following the GE Transaction (as described below), Dundee Realty also established an asset management and advisory services business, DREAM through which it provides third party asset management and advisory services in the real estate sector including sourcing, acquiring and management of commercial and residential real estate. As of March 31, 2009, DREAM manages real estate assets in excess of $3 billion on behalf of all of its clients.

Land, Housing and Condominiums

At December 31, 2008, Dundee Realty owned land held for development with a cost of $160.0 million and land under development with a cost of $125.3 million. The majority of these land holdings are located in Calgary, Edmonton, Saskatoon and Regina.

Dundee Realty is also engaged in developing urban intensification projects in Toronto and Calgary, and resort development projects in Colorado and California. In 2008, Dundee Realty continued to develop its inventory of housing and condominiums. Housing and condominiums inventory decreased 23% mainly due to the revenue recognition related to the Pure Spirit condominium and Dundee Realty incurred development costs of $117.2 million during the year. At December 31, 2008, major projects included the development of the Pure Spirit and Clear Spirit Condominium towers in downtown Toronto.

During 2008:

- Construction continued on the 383-unit Pure Spirit condominium at The Distillery Historic District in Toronto and was 95% complete at year end. The southeast corner project, a phased 672-unit two-tower condominium development project on the Distillery site is progressing, with planning reviews and development parameters having been completed. At December 31, 2008, 83% of the units of the Clear Spirit tower had been pre-sold. Construction on the 35-storey Clear Spirit tower is expected to commence in June 2009, with closings scheduled for 2012.

- The markets in Saskatoon and Regina continued to exhibit reasonable demand for housing, with 229 units sold in 2008;

- Construction continued on the Base Camp One project, a 64-unit flagship residential lodge in a prime ski in/ski out location at the Sol Vista ski area located in Granby, Colorado. To date, 52% of the units have been pre-sold and the project is on schedule for completion in 2009;

- Through its 20% interest in Firelight Infrastructure Fund, invested $6.0 million in the Dalhousie Mountain windmill project in Nova Scotia. The investment was effected by converting loans and fees receivable previously provided to Dalhousie Mountain into an equity investment. The investment was used to fund pre-delivery deposits for wind turbines and site preparation costs;

- Dundee Realty entered into a joint venture in respect of three adjacent properties in east Toronto for an aggregate cost of $0.9 million. The properties are currently earning rental income but the site will be used for condominium development in the future;
- Dundee Realty invested $2.6 million in capital improvements at Arapahoe Basin in Colorado, mainly related to parking expansion and constructing a pedestrian tunnel to meet increased skier demand as a result of the Montezuma Bowl expansion. Dundee Realty also incurred $0.3 million for capital improvements at the Bear Valley property in California, and
- The sale of the remaining 21 condominium units at the Princeton project in Calgary was realized.

Prior Restructuring of Dundee Realty

The Company completed its acquisition of Dundee Realty in 2003 pursuant to a plan of arrangement. In accordance with the plan, the commercial real estate business of Dundee Realty was organized into a publicly traded real estate investment trust, Dundee REIT, and Dundee Realty became a subsidiary of the Company.

In June 2006, the Company and the non-controlling shareholder of Dundee Realty restructured their holdings in Dundee Realty, pursuant to which, among other matters, the Company exchanged a portion of the common shares of Dundee Realty held by it for redeemable preferred shares of Dundee Realty. Concurrently, the non-controlling shareholder exercised options to acquire additional common shares of Dundee Realty. Following these transactions, the Company's interest in Dundee Realty was diluted from 86.4% to 78.3%.

The Company further restructured its investment in Dundee Realty in July 2006 by transferring the indirect equity interest in Dundee REIT held by Dundee Realty to certain newly created wholly owned subsidiaries of the Company. This involved: (a) the continuance of Dundee Realty under the laws of British Columbia; (b) the exchange of part of the Company's common share holdings of Dundee Realty for redeemable preference shares, and the exercise of options by the minority shareholder (resulting in the Company's voting and equity interest being reduced to 75%); and (c) the transfer from Dundee Realty to the Company's new subsidiaries of approximately 8.3 million units of Dundee Properties Limited Partnership ("DPLP") (each such unit being convertible into units of Dundee REIT at the Company's option) and 0.7 million units of Dundee REIT ("Dundee REIT Units"). In addition, the minority shareholder of Dundee Realty was granted an option, through the issuance of a class of Dundee Realty shares, which enables the minority shareholder to acquire additional shares of Dundee Realty over a six-year period commencing in 2007 at a cost of approximately $10.7 million. If exercised, the shares issued on exercise of the option will increase the minority shareholder's voting and equity interest in Dundee Realty from 25% at present to 30%, and correspondingly reduce the Company's voting and equity interest to 70%. The option vests in equal instalments over the six-year period and is subject to the minority shareholder remaining an employee of Dundee Realty. In connection with the reorganization, the Company also extended certain loans to Dundee Realty. See "*Relationship Between the Company and Certain Related Parties - Dundee Realty*".

As of February 28, 2009, the Company holds shares representing 75% of the votes and equity of Dundee Realty, as well as various classes of preference shares directly and indirectly through 0764704 B.C. Ltd.

Dundee REIT (TSX: D.UN)

Dundee REIT is an unincorporated, open-ended real estate investment trust and provides high quality, affordable business premises. It is focused on owning, acquiring, leasing and managing mid-sized urban and suburban office properties as well as industrial and prestige industrial properties. As of December 31, 2008, Dundee REIT's office and industrial portfolio consisted of approximately 6.6 million square feet of gross leasable area, concentrated in Western Canada, primarily in Calgary as well as in Vancouver, Edmonton, Saskatoon, Regina, Yellowknife and Toronto. Through DMLP, Dundee REIT currently provides property management services to its tenants and other businesses.

At February 28, 2009, the Company's interest in Dundee REIT was approximately 20.5% and was held through its interest in Dundee Realty and certain wholly owned subsidiaries of the Company that own limited partnership units of DPLP (which holds all of the rental properties of Dundee REIT and Dundee REIT Units). The limited partnership units held indirectly by the Company are not publicly traded and are exchangeable into Dundee REIT Units at any time. Dundee REIT Units are traded on the Toronto Stock Exchange.

The Company, through its subsidiaries holds a corresponding voting interest in Dundee REIT by virtue of its holdings of special trust units issued to the holders of the Class B, Series 1 limited partnership units of DPLP. Pursuant to Dundee REIT's declaration of trust, the Company has the right to appoint up to one less than a majority of the trustees, provided that the Company and its affiliates continue to beneficially own, in the aggregate, at least 2,000,000 Dundee REIT Units (or securities exchangeable into Dundee REIT Units). The declaration of trust also provides the Company with pre-emptive rights on the issuance of Dundee REIT Units or any securities convertible into or exchangeable for Dundee REIT Units to maintain its proportionate interest in Dundee REIT.

Sale of Portfolio Assets of Dundee REIT to GE Real Estate

On August 24, 2007, Dundee REIT completed the sale of certain properties (the "Eastern Portfolio") to GE for aggregate consideration of $2.3 billion (the "GE Transaction"). Dundee REIT continues to own a portfolio of office and industrial properties, primarily in Western Canada (the "Western Portfolio"). On closing, Dundee REIT received cash of approximately $1.5 billion, which was utilized to redeem approximately 29.9 million Dundee REIT Units. In connection with the GE Transaction, GE acquired approximately 3.5 million Dundee REIT Units for $47.50 per Dundee REIT Unit, giving GE an approximate 16% interest in Dundee REIT.

The Company elected to redeem 58% of its interest pursuant to the GE Transaction. As a result of the transaction, the Company's interest in Dundee REIT increased from approximately 16% immediately prior to the transaction to approximately 18% at such time.

RESOURCES

The Company's resource activities are carried out primarily through its wholly owned subsidiary, Dundee Resources. Operations in the resources sector are also carried out through the Company's 53% interest in Eurogas which is involved in natural gas storage activities in Spain as well as the Company's 53% interest in Eurogas International which carries out oil and gas exploration and development with interests in Tunisia. The resource segment also includes various other portfolio holdings, including an approximate 20% interest in Dundee Precious, 25% interest in Breakwater, 43% interest in Odyssey, 26% interest in Corona, a 33% interest in Valdez and 14% interest in Iberian.

Currently, operating results from the Company's resource operations are derived primarily from its equity investments as Eurogas and Eurogas International are developing energy projects that are not yet operational. As of February 28, 2009, Dundee Resources had 10 employees.

Eurogas (TSX VENTURE: EUG)

Eurogas is an independent oil and gas exploration and development company engaged directly in the development of a major underground natural gas storage facility off the east coast of Spain.

Eurogas's 73.7% owned subsidiary, Castor UGS Limited Partnership ("CLP"), holds a 33% interest in the Castor Exploration Permit through its investment in Escal UGS S.L. ("Escal"), giving Eurogas an effective interest of 24.6% in the Castor UGS Project. The Castor Exploration Permit covers the abandoned Amposta Oilfield, which will be utilized by Escal for its underground gas storage project ("Castor UGS Project").

Business Reorganization of Escal

On December 20, 2007, CLP entered into agreements with ACS Servicios Comunicaciones y Energia, S.L. ("ACS") and Enagas, S.A. (the "ACS Transaction") pursuant to which Escal issued shares to ACS for cash proceeds of $5.1 million such that ACS increased its ownership in Escal from 5% to 66.67%, reducing CLP's interest to 33.33% from 95%. The completion of the ACS Transaction was conditional on receipt of the Castor UGS Project development concession that was received on May 16, 2008.

Under the terms of the ACS Transaction, ACS agreed that it would repay to CLP most of the amounts it previously invested in the Castor UGS Project. As at December 31, 2008, CLP had received $41.1 million pursuant to this agreement. Subsequent to December 31, 2008, CLP received a further payment in the amount of $2.3 million, which is the full amount CLP expects to receive at this time. CLP may receive further amounts up to a maximum of $4.1 million, at a future date, should some or all of the expenditures associated with those investments be recognized for remuneration within the Castor UGS Project.

In 2007, Eurogas had funded the CLP non-controlling limited partners' portion of a $28 million cash call in respect of the funding of the Castor UGS Project prior to the ACS Transaction, by way of demand secured promissory notes receivable with a value of $7.4 million. The notes were secured by a pledge of each of the respective partners' interests in CLP. During 2008, and following receipt of proceeds pursuant to the ACS Transaction, CLP completed a cash distribution to all of its limited partners in an amount sufficient to repay amounts previously outstanding pursuant to these demand secured notes receivable and the demand secured notes receivable were cancelled.

Eurogas Rights Offering

On April 25, 2008, Eurogas completed a rights offering. Under the offering one right was issued for each common share outstanding and four rights entitled the holder to purchase one additional common share of Eurogas at $0.97 per common share. The Company exercised all of its rights under its basic subscription right and subscribed for 15,807,760 common shares. Total gross proceeds of the offering were approximately $29.6 million, net of associated expenses, or total gross proceeds to Eurogas were $30,209,379.

At February 28, 2009, the Company owned, directly and indirectly, 83,134,138 common shares of Eurogas, representing approximately a 53% ownership interest in Eurogas.

Eurogas International (CNSX:EI)

Eurogas International is an independent oil and gas company engaged in exploration and drilling on its extensive landholdings offshore Tunisia, targeting large scale oil and gas reserves. Eurogas International holds a 22.5% interest and is the non-operating partner of the Sfax Offshore Permit located in the shallow waters in the Gulf of Gabes, offshore Tunisia and southeast of the city of Sfax.

Business Reorganization of Eurogas International Inc.

On August 5, 2008, Eurogas completed a restructuring plan that distributed 100% of its common share interest in Eurogas International as a dividend-in-kind to shareholders of Eurogas (the "Restructuring"), such that each shareholder of Eurogas received one newly issued common share of Eurogas International for every five shares of Eurogas held. The newly issued common shares of Eurogas

International distributed were placed in escrow for the benefit of shareholders of Eurogas, pending a public listing of Eurogas International common shares.

Prior to the Restructuring, Eurogas exchanged its previous interest in the common shares of Eurogas International for 32,150,000 newly issued Series A Preference Shares and 31,143,635 newly issued common shares of Eurogas International that were then distributed. Eurogas continues to hold the Series A Preference Shares which pay a fixed preferential cumulative dividend of 4% per annum and have a redemption value of $32.1 million. On March 27, 2009 the CNSX approved the listing of the Eurogas International common shares.

Agreement with Delta Hydrocarbons B.V.

On April 8, 2008, Eurogas International and Atlas Petroleum Exploration Worldwide Ltd. ("APEX") announced that they had entered into a series of agreements (the "Delta Agreements") with Amsterdam based Delta Hydrocarbons B.V. ("Delta") whereby Delta acquired a 50% interest in the Sfax Permit and the Ras El Besh Concession (the "Joint Venture") and a 50% interest in Innovative Production Services, Ltd. ("IPS") in exchange for the expenditure by Delta of an aggregate of US$125 million. Delta's required spending included a cash payment to Eurogas International and APEX and funding Delta's, as well as Eurogas International's and APEX's share of future Joint Venture and IPS expenditures, including future drilling, exploration and development costs and the acquisition of facilities as and when required to a maximum of US$125 million (the "Umbrella Agreement"). The Umbrella Agreement provides for the payment of US$80 million towards the Joint Venture work program and US$45 million towards activities of IPS. Spending may be redirected to either program, with the consent of all Joint Venture partners. If Delta does not fulfill its spending commitment, the 50% participating interest that was assigned to Delta is subject to reversal and Eurogas International's and APEX's interest in the Joint Venture and IPS will revert to 45% and 55%, respectively. The agreement received all regulatory approvals.

The 2009 work program and a US$12.8 million budget on the Joint Venture have been approved, subject to technical agreement between the Joint Venture partners. The budget also includes US$1 million to acquire onshore lands from which the Salloum appraisal well could be drilled. IPS plans to spend additional funds to renovate and upgrade an oil and production platform that it originally acquired for US$2.4 million and then transport it to Tunisia. It is estimated that the total cost to IPS for purchasing and upgrading the platform would be approximately US$18 million, with a total of US$14.1 million having been spent to February 2009.

Recent Developments

To date, Delta has expended a total of US$109.8 million, including US$79.2 million on the work program and US$30.6 million on the IPS Program. Of this amount, approximately US$11.2 million was paid to Eurogas International, representing reimbursement of previously incurred costs.

On January 27, 2009, Delta notified Eurogas International and APEX of its desire to market its participating interest under these farmout arrangements. Under the terms of the joint operating agreement, Eurogas International has a right of first offer, and together with APEX, responded with a settlement offer on February 26, 2009. Discussions are underway between the Joint Venture partners. Depending on the outcome of the discussions, Delta's interest in the Joint Venture may be reversed and Eurogas International's interest in the Joint Venture and IPS may revert to 45%. If reversed, Eurogas International would be responsible for 45% of future expenditures, including expenditures related to the 2009 work program, IPS activities, and reclamation costs.

Upon completion of drilling and testing the REB-3 well, the Joint Venture partners requested and received approval from the Tunisian government to temporarily suspend the well and release the drilling rig, both of which were done. Agreement by the Tunisian government was subject to the re-interpretation and remapping of seismic data. The well must be abandoned or re-entered by April 23, 2009. The operator is planning to request an extension from the Tunisian government to complete the seismic work after which the Joint Venture partners will decide to either re-enter or abandon the well. In the event of abandonment, the estimated aggregate cost to the Joint Venture is estimated at between US$6 million to US$10 million. If the decision is made to abandon the well, the Joint Venture partners may have to adjust the 2009 work program and budget accordingly.

Expiry of Farmout Option Agreement with Anadarko Petroleum Corporation ("Anadarko")

Eurogas International and APEX had entered into a farmout option agreement with Anadarko in May 2006 pursuant to which Anadarko acquired a 520 km2 3-D seismic survey for $15.5 million. Anadarko did not elect to proceed under the terms of the farmout option agreement by April 1, 2008 and accordingly, forfeited all rights to conduct work or receive any interest in the farmout areas.

At February 28, 2009, the Company owned, directly and indirectly, 16,813,691 common shares of Eurogas International, representing approximately a 53% ownership interest in Eurogas International.

Dundee Precious (TSX: DPM)

Dundee Precious is a Canadian based, international mining company engaged in the acquisition, exploration, development and mining of precious metals. In 2003, it acquired certain Bulgarian mining assets and following the approval of its shareholders on April 15, 2004, transformed itself into an operating gold mining company. Dundee Precious' business objectives are to identify, acquire, finance, develop and operate low-cost, long-life mining properties.

The Company's operating interests include 100% ownership of Chelopech Mining EAD ("Chelopech") a gold, copper, silver concentrates producer, owner of the Chelopech mine located approximately 70 Kilometres east of Sofia, Bulgaria and a 95% interest in Vatrin Investment Limited ("Vatrin"), a private entity which holds 100% of Deno Gold Mining Company CJSC ("Deno Gold"), its principal asset being the Kapan mine, a gold, copper, zinc, silver concentrates producer located about 320 kilometres south east of the capital city of Yerevan in southern Armenia. Dundee Precious' interest also include a 100% interest in the Krumovgrad development stage gold property located in south eastern Bulgaria, near the town of Krumovgrad, through its wholly owned subsidiary, Balkan Mineral and Mining EAD ("BMM") and three significant exploration and exploration concessions in one of the larger gold-copper-silver mining regions in Serbia.

In response to adverse economic conditions, Dundee Precious announced that steps were being taken to reduce, eliminate and/or defer all non-critical expenditures and to potentially dispose of certain of its exploration assets. While operations in the Chelopech mining facilities will continue their normal course, Dundee Precious temporarily suspended operations at Deno Gold in November 2008. Dundee Precious also ceased all exploration and drilling activities on its Armenian and Serbian properties and at its Back River project in the fourth quarter of 2008.

Bulgaria

Operations at the Chelopech mining facilities are continuing their normal course. Steps have been taken to reduce, eliminate and/or defer non-critical expenditures. The Chelopech concentrate sales contract with Namibian Customs Smelters ("NCS") was extended to 2013, giving Chelopech the right to sell up to 120,000 tonnes of concentrate per year to NCS for the years 2011, 2012 and 2013 and to reduce concentrate sales on 12 months' notice to allow for the start-up of the metals processing facility ("Facility") in Bulgaria. This arrangement provides Dundee Precious with assurances regarding the processing of its concentrate while it finalizes its plans for the construction and start-up of the Chelopech expansion project.

Following the approval of the Chelopech environmental impact assessment ("EIA") by the Bulgarian Minister of Environment and Water ("MoEW") in July 2008, Dundee Precious began the process of obtaining the necessary construction and operating permits to expand the Chelopech project to, among other things, increase mine production capacity to two million tonnes of ore per year (the permit allows for an expansion of up to three million tonnes per year) and the construction of the Facility. Pursuant to a Memorandum of Understanding ("MOU") with the Bulgarian Government signed in July 2008, the Bulgarian Government will own a 25% interest in a yet to be formed joint stock company that will construct, own and operate the Chelopech Facility designed to process the Chelopech copper/ gold concentrate into finished metals. Chelopech has also agreed to pay a higher royalty in accordance with the Bulgarian Ordinance on Royalty Computation for all metals that can be mined economically and to provide a financial guarantee for environmental closure and rehabilitation costs for the Chelopech mine. The feasibility study in respect of the Chelopech expansion project is currently being updated to reflect current circumstances. The official recommencement of the Chelopech expansion project will be dependent on satisfactory results and acceptance of the updated definitive feasibility study anticipated in the first quarter of 2009, receipt of the required permits, approval by Dundee Precious' Board of Directors and external financing.

In March 2008, the Government of Bulgaria and the Company entered into an agreement-in-principle concerning the implementation of the Chelopech expansion project. Further to this agreement, on June 26, 2008, Bulgaria's council of Ministers approved a resolution instructing the Minister of Economy and Energy to enter into an MOU with Dundee Precious. The MOU was signed July 10, 2008 and provides that the Bulgarian Government and Dundee Precious will address and resolve all outstanding issues of concern to both parties. In view of this, while the Krumuvgrad gold project was not part of the Council of Ministers resolution and the MOU, it is the Company's intention to have separate discussions regarding this project.

Dundee Precious has also filed an environmental impact assessment ("EIA") with the Ministry on its Krumovgrad Gold Project in Bulgaria. Dundee Precious has not received a decision on this study from the Ministry within the statutory time limit required by Bulgarian law and, accordingly, Dundee Precious has brought this issue in front of the Bulgarian Court. In February 2007, Dundee Precious announced that the Supreme Administrative Court of Bulgaria had revoked the silent refusal of the Ministry and has required the Ministry to issue a pronouncement on the Krumovgrad EIA. The Ministry has filed an appeal of this latest decision and Dundee Precious is awaiting the decision of the Court of Appeal to revoke the silent refusal of the Minister of the Environment and Waters. Consequently, the Krumovgrad Gold Project will be delayed until the EIA is approved.

On December 1, 2008, in response to the notification filed on September 17, 2008, Dundee Precious received a letter from the MoEW requesting Dundee Precious to prepare a Compatibility Assessment Report (the "Report") for the Krumorgrad Project and provide an update of the EIA in accordance with the findings of the Report. This Report will assess the compatibility of the Project within the scope and purpose of Natura 2000, the European network of projected sites, and is a prerequisite for the issuance of a decision of the EIA. The letter states that following the submission of the requested documents, both the EIA and the Report will be submitted for consideration by the Supreme Expert Environmental Council at the MoEW ("SEEC"). As the compatibility assessment and the EIA procedures are aligned, the MoEW should issue a single final resolution for the Project based on the findings of both procedures following review by the SEEC.

Serbia

In April 2006, Dundee Precious and the Government of Serbia signed exploration and mining concession contracts for three exploration and exploitation concessions. The exploration concession is granted for a three-year period, renewable for an additional two years, and includes mining rights that have been granted for 25 years. In November 2007, Dundee Precious announced a new, major molybdenum-rhenium project in Serbia and in February 2008 announced further exploration work in Serbia and continues to support the previously announced molybdenum mineralization and its Surdulica Project in southeastern Serbia. A scoping study is underway with expected completion in the second quarter of 2008. In February, 2008 Dundee Precious announced that its exploration team in Serbia had identified a major zone of limestone hosted or "Carlin" style gold mineralized in northeastern Serbia. In November 2008, Dundee Precious announced it had ceased oil exploration and drilling activities on its Serbian properties.

Nunavut, Canada

In 2006, Dundee Precious increased its interest in the Back River project to 100%, which comprises certain exploration properties located in Nunavut in the Canadian Arctic. In November 2008, Dundee Precious announced it had ceased oil exploration and drilling activities on its Nunavut, Canada properties. On March 30, 2009, Dundee Precious announced that it had entered into an agreement with Sabina Silver Corporation to sell its Back River project in consideration for cash and securities of Sabina Silver Corporation.

Armenia

In August, 2006, Dundee Precious acquired 80% of Vatrin Investment Limited, a private entity that holds 100% of Deno Gold Mining Company, its principal asset being the Kapan Mine in southern Armenia. The purchase price was US$22 million and Dundee Precious has committed an additional US$10 million for mine expansion. In December 2007, Dundee Precious acquired an additional 15% interest in Vatrin.

In November 2008, Dundee Precious announced that it would temporarily suspend operations at Deno Gold to place the facilities on care and maintenance pending a significant improvement in metal prices.

In an agreement reached on January 15, 2009 between Deno Gold and the Republic of Armenia's Ministry of Energy and Natural Resources, amongst other things, it was agreed that Deno Gold's Shahumyan mine license would be extended for an additional 12 years to 2032 and that the license agreement would be extended to the full extent of the mining license and that the Centralni license would be terminated and that, with limited exceptions, all contractual responsibility of Deno Gold, with respect to such license would be waived.

Dundee Precious remains committed to its investment in Armenia and plans to resume operations and its development plans when the economic climate improves.

Other Developments

On November 20, 2008, Dundee Precious completed a public offering of units for aggregate proceeds of approximately $80 million, with an over allotment granted to the underwriter for an additional 15%. The offering consisted of the issuance of units at $2.25 per unit. Each unit included a common share and one half of a warrant to purchase an additional common share at a price of $3.25 per unit for a period of seven years. In total, including the over-allotment option, Dundee Precious issued 35,556,000 common shares and 20,444,500 warrants pursuant to the offering for gross proceeds of $81,590,234. Pursuant to the offering, Dundee Corporation acquired 6.8 million units, or 6.8 million common shares, and 3.4 million warrants.

At February 28, 2009, the Company owned, directly and indirectly, 19,442,555 common shares of Dundee Precious, representing approximately a 19.9% ownership interest in Dundee Precious. The Company also owns 3,925,500 warrants of Dundee Precious.

Breakwater (TSX: BWR)

Breakwater is a resource company engaged in mining base metal deposits in the Americas. Breakwater owns or has the exploration rights to base metal and gold exploration properties in Canada, Chile, Honduras and Tunisia and is also engaged in the acquisition, exploration and development of base and precious metals deposits globally.

Breakwater's principal product is zinc concentrate. It also produces copper, lead and gold concentrates and silver by-products. Breakwater sells concentrates to smelters located in Canada, Europe, Asia and South America and to resellers who sell the concentrates to smelters throughout the world. Breakwater sells a portion of the concentrate it produces under long-term supply agreements. A portion is also sold by tender as well as into the spot market.

For the majority of 2008, Breakwaters' concentrate production was derived from two mines located in Canada, one each in British Columbia (Myra Falls) and Quebec (Langlois); and a mine located in each of Chile (Toqui) and Honduras (Mochito). The Langlois mine began production in November 2006 and commenced commercial production for accounting purposes on July 1, 2007. On October 28, 2008, Breakwater announced the temporary suspension of operations at both Langlois and Myra Falls. This decision was precipitated by the decline in commodity prices and the general deterioration of the economic outlook globally, which mitigated the overall operational improvements in production and costs at both mines. At Langlois, the temporary cessation of operations took full effect by November 2, 2008. At Myra Falls, results of exploration activities caused Breakwater to operate on a reduced scale with a smaller workforce. The Langlois mine was placed on care and maintenance effective November 2, 2008. Production may only resume at the Langlois mine and return to prior levels at the Myra Falls mine if zinc prices significantly increase.

On March 17, 2009, Breakwater announced that is had filed a preliminary short form prospectus in connection with a proposed marketed public offering of a minimum of $20 million of common shares of Breakwater. The number of common shares to be distributed and the price per common share are to be determined in the context of the market with the final terms to be determined at the time of pricing. Breakwater has granted to the underwriters an option, exercisable in whole or in part, at the discretion of the underwriters, for a period of 30 days from the closing date of the offering, to purchase up to that number of additional common shares equal to 15% of the common shares sold pursuant to this offering, to cover over-allotments, if any, and for market stabilization purposes.

Breakwater intends to use the net proceeds of the offering to pay trader creditors, customers and restructuring fees, with the balance available for general corporate purposes.

The Company has advised Breakwater its intention to purchase common shares under the offering to maintain its approximate pro rata ownership interest in Breakwater (based on a $20 million offering.)

At February 28, 2009, the Company owned, directly and indirectly, 113,002,510 common shares of Breakwater, representing approximately a 25.2% ownership interest.

Odyssey Resources Limited (TSX Venture: ODX)

Odyssey is a Canadian based junior mining exploration company whose main focus has been in Morraco and Turkey. In May 2008, Odyssey effected a one-for-ten share consolidation reducing the number of common shares outstanding at that time to approximately 8.68 million. Dundee Corp's position at that time was approximately 15.74% undiluted and 17.75% partially diluted assuming the conversion of its warrants.

On August 12, 2008, the Company, through its wholly-owned subsidiary Dundee Resources, acquired through a non-brokered private placement with Odyssey, 10,000,000 common shares of Odyssey at a price of $0.25 per common share. Following this transaction, the Company owns directly or indirectly an aggregate of 11,366,136 common shares of Odyssey and 175,000 common share purchase warrants, representing an approximate 43% ownership interest in Odyssey.

Corona (TSX: CRG)

Corona is a resource focused exploration, development and investment company that has historically been involved in the exploration of geologically attractive properties for precious and base metals in Canada.

At February 28, 2009, the Company owned, indirectly, 4,971,197 common shares, representing approximately a 26.4% ownership interest in Corona.

Valdez (TSX VENTURE: VAZ)

Valdez' business focuses on the acquisition, exploration and subsequent development of mineral resource properties in Mexico, including the Los Jarros and Jarros Norte properties in the province of Chihuahua, as well as other geologically attractive countries with stable political and investment climates.

At February 28, 2009, the Company owned, indirectly, 26,458,972 common shares, representing approximately a 33.2% ownership interest in Valdez.

Iberian Minerals Corp. (TSX VENTURE: IZN)

Iberian is a Canadian-based global copper and zinc company with interests in Spain and Peru.

As of February 28, 2009, assuming conversion of the debenture and warrants held in Iberian, Dundee Resources would own an approximate 14% ownership interest.

OTHER INVESTMENTS AND CORPORATE COSTS

The Company's other investments include investments in both publicly listed and private companies in a variety of sectors as well as investments in highly liquid securities such as mutual funds. This operating segment of the Company also includes the Company's general corporate overhead costs, which are not specifically allocated to any operating division.

Financings

The Company may seek additional financing with one or more financial institutions or in the capital markets from time to time. On June 28, 2006, the Company completed a public offering of 6,000,000 Cumulative Redeemable First Preference Shares, Series 1 (the "Series 1 Shares"). The Series 1 Shares were priced at $25.00 and carry a 5.00% annual dividend. The Company used the net proceeds of this offering for general corporate purposes including for the redemption of the $150 million principal amount 6.7% senior unsecured debentures of the Company. No offerings were completed in 2007 or 2008.

Acquisition and Disposition of Assets

At any point in time, Dundee Corp. may be involved in various stages of discussions and/or negotiations to complete one or more transactions including acquisitions or dispositions directly or through its wholly or partially owned subsidiaries which carry on certain of the Company's activities and investments. These prospective transactions may be with respect to companies operating within existing businesses or business channels not yet identified or pursued by Dundee Corp. In respect of any potential acquisition, the purchase price may be paid in cash, through the issue of securities of the Company or of a subsidiary of the Company or through a combination thereof and may be financed through debt, equity or internally financed. There can be no assurance that any of the transactions being discussed or negotiated will be completed. The Company may increase or decrease its interest in certain of its holdings, may combine or restructure certain of its holdings into new investment products or new stand-alone entities or may entirely dispose of certain of its holdings in the future. Accordingly, during any period, the market value of the Company's holdings will vary and the amounts that are recorded as investment gains and losses may fluctuate significantly.

For additional information relating to Dundee Corp.'s business, please see the information under the heading "Operating Segments and Significant Investments" in the Company's Management's Discussion and Analysis for the year ended December 31, 2008 (the "2008 MD&A"), which is incorporated by reference herein and is available on SEDAR at www.sedar.com.

DIVIDEND POLICY

The current practice of the Company is to pay dividends to the holders of its Series 1 Shares. The Company has not established a dividend policy with respect to the Subordinate Voting Shares or the Common Shares of the Company. The dividend policy with respect to all of the shares of the Company is reviewed by the directors of the Company on a quarterly basis and any future determination to pay dividends will be at the discretion of the directors of the Company and will depend on the financial condition, results of operations and capital requirements of the Company and such other factors as the directors of the Company consider relevant.

The following table discloses the dollar amount of cash dividends declared per share for the Series 1 Shares of the Company outstanding during the financial years ended December 31, 2008, 2007 and 2006:

Dividends per Outstanding Share	2008	2007	2006 (1)
Series 1 Shares	$1.25	$1.25	$0.63187

Notes:

(1) The Company began paying dividends on the Series 1 Shares on October 2, 2006.

MARKET FOR SECURITIES

SUBORDINATE VOTING SHARES

The Subordinate Voting Shares are currently listed and posted for trading on the Toronto Stock Exchange under the symbol DC.A. The Common Shares were delisted from the Toronto Stock Exchange on January 31, 2000. The following table sets forth information relating to the price range and volume traded for the Subordinate Voting Shares on a monthly basis for each month of the year ended December 31, 2008:

Month	High Price (Cdn. $)	Low Price (Cdn. $)	Close Price (Cdn. $)	Traded Volume
January 2008	19.47	12.31	15.17	3,086,033
February 2008	16.73	14.16	15.34	1,916,434
March 2008	15.44	11.62	13.21	2,741,385
April 2008	14.98	12.19	13.82	4,032,374
May 2008	14.68	11.99	12.60	3,079,981
June 2008	13.50	12.34	12.34	3,676,435
July 2008	12.95	10.85	12.90	3,571,382
August 2008	14.35	12.11	14.15	2,095,382
September 2008	14.35	10.32	10.43	1,837,663
October 2008	11.49	4.66	5.45	5,785,435
November 2008	6.85	3.82	5.00	8,708,504
December 2008	6.46	3.73	6.05	7,108,479

5.85% DEBENTURES

The 5.85% Debentures, as defined in "Description of Share Capital - Debentures", are currently listed and posted for trading on the Toronto Stock Exchange under the symbol DC.DB.

The following table sets forth information relating to the price range and volume traded for the 5.85% Debentures on a monthly basis for each month of the year ended December 31, 2008:

Month	High Price (Cdn. $)	Low Price (Cdn. $)	Close Price (Cdn. $)	Traded Volume
January 2008	113.50	106.20	107.99	700
February 2008	115.08	107.00	115.08	1,220
March 2008	116.00	116.00	116.00	50
April 2008	114.50	109.54	112.00	1,860
May 2008	111.04	106.00	111.04	760
June 2008	112.39	107.31	107.99	650
July 2008	105.73	100.77	101.40	490
August 2008	109.71	106.18	107.80	1,140
September 2008	106.55	99.00	99.00	700
October 2008	92.44	85.00	85.00	760
November 2008	-	-	-	0
December 2008	-	-	-	0

SERIES 1 SHARES

The Series 1 Shares are currently listed and posted for trading on the Toronto Stock Exchange under the symbol DC.PR.A.

The following table sets forth information relating to the price range and volume traded for the Series 1 Shares on a monthly basis for each month of the year ended December 31, 2008:

Month	High Price (Cdn. $)	Low Price (Cdn. $)	Close Price (Cdn. $)	Traded Volume
January 2008	21.95	19.90	21.17	80,490
February 2008	22.55	20.92	22.49	32,394
March 2008	22.25	20.15	20.98	62,700
April 2008	22.25	20.66	21.49	45,480
May 2008	21.70	21.06	21.46	64,185
June 2008	21.60	19.70	20.20	100,475
July 2008	20.69	18.10	18.25	51,228
August 2008	21.34	18.35	21.09	53,380
September 2008	20.99	17.00	17.45	72,030
October 2008	17.51	12.85	15.00	544,087
November 2008	15.91	10.00	10.41	102,913
December 2008	12.84	9.34	12.50	247,892

DIRECTORS AND OFFICERS

The following table sets forth the name and place of residence, position held with the Company and principal occupation of each of the directors and officers of the Company as of February 28, 2009. Directors of the Company hold office until the next annual meeting of shareholders of the Company or until their successors are elected or appointed.

Name and Place of Residence	Position Held in the Company	Director Since	Principal Occupation
Directors (including Directors who are Officers)			
Normand Beauchamp [1] [2] Montreal, Québec, Canada	Director	1991	President, Capital NDSL Inc., investment company
Jonathan Goodman Toronto, Ontario, Canada	Director	1996	President and Chief Executive Officer, Dundee Precious Metals Inc., an operating gold mining company
Ned Goodman Innisfil, Ontario and Saint-Sauveur, Québec, Canada	President, Chief Executive Officer and Director	1991	President and Chief Executive Officer, Dundee Corp. and Chairman, DundeeWealth
Harold P. Gordon [2] [3] Sunny Isles, Florida, U.S.A.	Chairman and Director	2000	Chairman, Dundee Corp.
Ellis Jacob [1] Toronto, Ontario, Canada	Director	2008	President and Chief Executive Officer, Cineplex Entertainment
Dr. Frederick H. Lowy [3] Montreal, Québec, Canada	Director	1999	Consultant; President Emeritus, Concordia University
Garth A.C. MacRae [1] Toronto, Ontario, Canada	Director	1991	Director of public and private companies

Name and Place of Residence	Position Held in the Company	Director Since	Principal Occupation
Robert McLeish [1] Toronto, Ontario, Canada	Director	2002	Consultant
K. Barry Sparks [1] Toronto, Ontario, Canada	Director	1993	President, Torvan Capital Group, corporate advisory and management company
Harry R. Steele [2] [3] Dartmouth, Nova Scotia, Canada	Director	1991	Chairman, Newfoundland Capital Corporation Limited, communications company
<u>Non-Director Officers</u>			
Joanne Ferstman Toronto, Ontario, Canada	Executive Vice President, Chief Financial Officer and Corporate Secretary		Executive Vice President, Chief Financial Officer and Corporate Secretary, Dundee Corp.; Vice Chairman, Chief Financial Officer and Head of Capital Markets, DundeeWealth
Lucie Presot Toronto, Ontario, Canada	Vice President and Controller		Vice President and Controller, Dundee Corp. and DundeeWealth
Lili Mance Toronto, Ontario, Canada	Assistant Corporate Secretary		Assistant Corporate Secretary, Dundee Corp. and DundeeWealth

Notes:

(1) Member of Audit Committee

(2) Member of Compensation Committee

(3) Member of Corporate Governance Committee

Each of the foregoing individuals has held his or her present principal occupation, or other executive offices with the same company or its predecessors or affiliates for the past five years, except for Joanne Ferstman who was formerly Executive Vice President of DundeeWealth. Mr. Gordon was a director of Great Northern Paper, Inc., a private U.S. corporation, until June 3, 2002, approximately seven (7) months before such corporation filed for an arrangement under Chapter 11 of the U.S. Bankruptcy Code on January 9, 2003, followed by liquidation on May 22, 2003 pursuant to Chapter 7 of such Act. Mr. Beauchamp was a director of CINAR Corporation, a company which was, among other things, the subject of a cease trade order. Mr. Steele was a director of Canada 3000 Inc. between May 16, 2000 and November 10, 2001, a company that sought protection under the *Companies Creditors Arrangement Act* (Canada) on November 11, 2001.

As of February 28, 2009, the directors and senior officers of the Company as a group beneficially owned, directly or indirectly, or exercised control over, 4,021,692 Subordinate Voting Shares, representing approximately 5.7% of the outstanding Subordinate Voting Shares, and 2,556,651 Common Shares, representing approximately 82% of the outstanding Common Shares, in the aggregate representing approximately a 8.9% equity interest and approximately a 67.8% voting interest in the Company. Pursuant to the deferred share unit plan of the Company, the directors and senior officers of the Company also hold an aggregate of 697,781 deferred share units. As of February 28, 2009, Mr. Ned

Goodman owned Subordinate Voting Shares, options to purchase Subordinate Voting Shares, Common Shares and an option to purchase Common Shares representing approximately an 80.5% voting interest in the Company assuming the exercise of such options. *See also “Relationship Between the Company and Certain Related Parties” below.*

As of February 28, 2009, the directors and senior officers of the Company as a group beneficially owned, directly or indirectly, or exercised control over: 72,020,526 common shares; 5,453,668 first preference shares, series X, 508,571 special shares, series C, 250,000 special shares, series D and 10,000 special shares, series E of DundeeWealth, together representing approximately a 62.8% voting interest in DundeeWealth. Of this 62.8% voting interest, the Company owned, directly or indirectly, or exercised control over a 62.4% voting interest in DundeeWealth on a non-diluted basis.

As of February 28, 2009, the directors and senior officers of the Company as a group beneficially owned, directly or indirectly, or exercised control over 85,226,404 common shares of Eurogas, representing approximately a 54.7% ownership interest in Eurogas. Of this 54.7% ownership interest, the Company owned, directly or indirectly a 53% ownership interest in Eurogas on a non-diluted basis.

DESCRIPTION OF SHARE CAPITAL

The Company is authorized to issue an unlimited number of Subordinate Voting Shares, an unlimited number of Common Shares, an unlimited number of first preference shares, issuable in series (“First Preference Shares”), an unlimited number of second preference shares, issuable in series (“Second Preference Shares”) and an unlimited number of third preference shares, issuable in series (“Third Preference Shares”). The following is a summary of the rights, privileges, restrictions and conditions attached to each class of shares of the Company.

SUBORDINATE VOTING SHARES AND COMMON SHARES

Holders of Subordinate Voting Shares and Common Shares are entitled to one vote and 100 votes, respectively, for each such share held on all votes taken at meetings of the shareholders of the Company. As of February 28, 2009, there were issued and outstanding 71,139,788 Subordinate Voting Shares and 3,119,788 Common Shares and such outstanding Subordinate Voting Shares represented an aggregate of 18.6% of the votes entitled to be voted at a meeting of holders of Subordinate Voting Shares and holders of Common Shares. Subject to the rights of holders of First Preference Shares, Second Preference Shares, Third Preference Shares and other shares of the Company ranking prior to the Subordinate Voting Shares and Common Shares, the Subordinate Voting Shares and Common Shares participate equally, share for share, as to dividends. The Common Shares are convertible into Subordinate Voting Shares on a one-for-one basis at any time, subject to adjustment.

In the event an offer to purchase Common Shares is made which must, by reason of applicable securities legislation or the requirements of a stock exchange on which the Common Shares are then listed, be made to all or substantially all of the holders of Common Shares residing in any province of Canada, each Subordinate Voting Share will be convertible at the option of the holder into one Common Share, subject to adjustment, at any time from the day the offer is made until: (a) in the case of an offer other than an offer made through the facilities of a stock exchange, the latest time for deposit of Common Shares under the offer; and (b) in the case of an offer made through the facilities of a stock exchange on which the Common Shares are listed, 12:30 p.m., Toronto time, on the business day immediately preceding the last date upon which holders of Common Shares may accept the offer. The right of conversion into Common Shares will not come into effect in the event that an identical offer in terms of price per share, percentage of shares to be taken up and other essential terms is made to purchase Subordinate Voting Shares concurrently with the offer to purchase Common Shares. All Subordinate Voting Shares so converted into Common Shares will be automatically reconverted into Subordinate Voting Shares: (a) in the case of Common Shares taken up and purchased under the offer, immediately after the Common Shares are taken up and purchased under the offer; or (b) in the case of Common Shares not taken up and purchased under the offer, immediately after such Common Shares are released to the holder thereof.

Each Subordinate Voting Share will be automatically converted into a Common Share in the case of an exempt take-over bid for Common Shares at a price per Common Share exceeding 115% of the trading price of the Subordinate Voting Shares by an offeror acquiring shares of the Company such that the offeror holds voting shares of the Company having attached thereto 50% or more of the votes attached to all of the then outstanding shares of the Company. Other than as set out above, holders of Subordinate Voting Shares and Common Shares rank equally in all respects.

Subject to the rights of holders of First Preference Shares, Second Preference Shares, Third Preference Shares and other shares of the Company ranking prior to the Subordinate Voting Shares and Common Shares, holders of Subordinate Voting Shares and Common Shares are entitled to participate equally in the property and assets of the Company available to such holders in the event of the liquidation, dissolution or winding-up of the Company.

The listing agreement between the Company and The Toronto Stock Exchange provides that, prior to the issue from treasury of any Common Shares, the separate approval of holders of Subordinate Voting Shares is required in addition to any shareholder approvals which might otherwise be required by The Toronto Stock Exchange or any other exchange on which such shares are listed. This restriction does not apply to the issue of Common Shares upon conversion of Subordinate Voting Shares in accordance with the rights thereof or pursuant to the declaration of stock dividends on the Common Shares payable in Common Shares provided that such stock dividends do not result in the issue in any calendar year of more than 5% of the Common Shares issued and outstanding as at the last day of the immediately preceding calendar year.

FIRST PREFERENCE SHARES

Each series of First Preference Shares, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, will rank on a parity with the First Preference Shares of every other series and senior to the Subordinate Voting Shares, Common Shares, Second Preference Shares and Third Preference Shares.

Except in accordance with any voting rights which may be attached to any series of First Preference Shares, the holders of First Preference Shares are not entitled to receive notice of, or to attend, any meeting of shareholders of the Company, nor are they entitled to vote at any such meeting (except for a meeting called for the purpose of authorizing the dissolution of the Company or the sale, lease or exchange of all or substantially all of its property). The approval of holders of First Preference Shares as a class to any matters which, by law, require such approval, may be given by the affirmative vote of holders of not less than two-thirds of the First Preference Shares represented and voted at a meeting called and held for such purpose.

Series 1 Shares

The fourth series of First Preference Shares are designated as Series 1 Shares and 6,900,000 Series 1 Shares are authorized to be issued. Holders of Series 1 Shares are not entitled to any voting rights (except as otherwise provided by law or in the conditions attaching to the First Preference Shares as a class).

The Series 1 Shares are redeemable at the option of the Company for a cash price of $27.25 per share if redeemed prior to June 30, 2007 and declining to $25.00 if redeemed on or after June 30, 2015, together with all accrued and unpaid dividends thereon, provided that redemptions prior to June 30, 2011 shall be limited to circumstances in which the Series 1 Shares are entitled to vote separately as a class or series by law.

Prior to June 30, 2016, a holder of Series 1 Shares cannot require the Company to redeem any Series 1 Shares. On or after June 30, 2016, a holder of Series 1 Shares may require the Company to redeem such shares for a cash price of $25.00 per share, together with all accrued and unpaid dividends thereon. On or after June 30, 2006 and prior to June 30, 2016 each Series 1 Share will be convertible at the option of the Company, into Subordinate Voting Shares of the Company provided that any conversions prior to June 30, 2011 shall be limited to circumstances in which the Series 1 Shares are entitled to vote separately as a class or series by law. The number of Subordinate Voting Shares into which each Series 1 Share may be so converted will be determined by dividing the then applicable redemption price per Series 1 Share, together with all accrued and unpaid dividends up to but excluding the date fixed for conversion, by the greater of: (i) $2.00; and (ii) 95% of the weighted average trading price of the Subordinate Voting Shares on the Toronto Stock Exchange for the 20 consecutive trading days ending on the fourth day prior to the date specified for conversion or, if such fourth day is not a trading day, the immediately preceding trading day. The Company does not currently intend to convert the Series 1 Shares.

The Company may purchase for cancellation all or any part of the then outstanding Series 1 Shares on the open market, by private agreement or otherwise.

The holders of Series 1 Shares are entitled to receive quarterly fixed cumulative preferential cash dividends, if, as and when declared by the Board of Directors, in an amount equal to $1.25 per share per annum (less any tax required to be deducted and withheld by the Company from payments to non-residents) to accrue daily from and including the original date of issue, payable on the last day of March, June, September and December in each year.

In the event of the liquidation, dissolution or winding up of the Company, holders of Series 1 Shares are entitled to receive from the assets of the Company an amount equal to $25.00 per Series 1 Share, together with an amount equal to all accrued but unpaid dividends thereon, before any amount shall be paid by the Company to holders of any Shares ranking junior as to capital to the Series 1 Shares.

As of February 28, 2009, there were 6,000,000 Series 1 Shares outstanding.

SECOND PREFERENCE SHARES

Each series of Second Preference Shares, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, will rank junior and subordinate to the First Preference Shares, on a parity with Second Preference Shares of every other series and senior to the Subordinate Voting Shares, Common Shares and Third Preference Shares.

Except in accordance with any voting rights which may be attached to any series of Second Preference Shares, the holders of Second Preference Shares are not entitled to receive notice of, or to attend, any meeting of shareholders of the Company, nor are they entitled to vote at any such meeting (except for a meeting called for the purpose of authorizing the dissolution of the Company or the sale, lease or exchange of all or substantially all of its property). The approval of holders of Second Preference Shares as a class to any matters which, by law, require such approval, may be given by the affirmative vote of holders of not less than two-thirds of the Second Preference Shares represented and voted at a meeting called and held for such purpose.

THIRD PREFERENCE SHARES

Each series of Third Preference Shares, with respect to the payment of dividends and the distribution of assets in the event of the liquidation, dissolution or winding-up of the Company, will rank junior and subordinate to the First Preference Shares and the Second Preference Shares, on a parity with the Third Preference Shares of every other series and senior to the Subordinate Voting Shares and Common Shares.

Except in accordance with any voting rights which may be attached to any series of Third Preference Shares, the holders of Third Preference Shares are not entitled to receive notice of, or to attend, any meeting of shareholders of the Company, nor are they entitled to vote at any such meeting (except for a meeting called for the purpose of authorizing the dissolution of the Company or the sale, lease or exchange of all or substantially all of its property). The approval of holders of Third Preference Shares as a class to any matters which, by law, require such approval, may be given by the affirmative vote of holders of not less than two-thirds of the Third Preference Shares represented and voted at a meeting called and held for such purpose.

DEBENTURES

5.85% Exchangeable Unsecured Subordinated Debentures

The Company originally issued $100 million principal amount of 5.85% exchangeable unsecured subordinated debentures (the "5.85% Debentures") pursuant to a trust indenture (the "5.85% Trust Indenture") dated as of June 22, 2005 between the Company and Computershare Trust Company of Canada, as trustee. As of December 31, 2008, $9.5 million of the 5.85% Debentures remained outstanding. The 5.85% Debentures are direct, unsecured, subordinated obligations of the Company, bear interest at the rate of 5.85% per annum and mature on June 30, 2015. The 5.85% Debentures are exchangeable at the holders' option for Series A Units ("Series A Units") of Dundee REIT held by the Company or its subsidiaries at any time prior to the earlier of the maturity date and the date fixed for redemption at an exchange price of $29.75 per Unit (being a ratio of 33.6134 Series A Units per $1,000 principal amount of 5.85% Debentures), subject to customary adjustment events.

The 5.85% Debentures are not redeemable before June 30, 2009 (except in the event of a change in control of Dundee REIT, as defined). On and after June 30, 2009 and prior to June 30, 2011, the 5.85% Debentures may be redeemed in whole or in part from time to time at the Company's option provided that the market price for the Series A Units is not less than 125% of the exchange price. On and after June 30, 2011, the 5.85% Debentures may be redeemed in whole or in part from time to time at the Company's option at a price equal to their principal amount plus accrued interest. In the event of a change of control of Dundee REIT at any time, the 5.85% Debentures may be redeemed at the option of either a holder or the Company; at a price of 101% of the principal amount thereof if redeemed by a holder, and at a price which is a specified percentage of the principal amount thereof if redeemed by the Company (being 106% during the 12 month period commencing June 30, 2005 and declining 1% per 12 month period thereafter to 101% in the 12 month period commencing June 30, 2010, and at par thereafter). The Company may satisfy its obligation to repay the principal amount of the 5.85% Debentures on redemption (including upon a change of control of Dundee REIT) or at maturity, in whole or in part by delivering that number of Series A Units equal to the amount due divided by 95% of the market price for the Series A Units at that time, plus accrued interest in cash.

Subsidiaries of the Company have pledged and deposited with the trustee sufficient securities which are themselves exchangeable for Series A Units in order to permit full exchange of the 5.85% Debentures (the "Pledged Units"). Payment of the principal amount of, and interest (and premium, if any) on the 5.85% Debentures is subordinated in right of payment, in the circumstances set forth in the 5.85% Trust Indenture, to "Senior Indebtedness", as defined in the 5.85% Trust Indenture. The 5.85% Trust Indenture does not limit the Company's ability to incur additional indebtedness, including indebtedness that ranks senior to the 5.85% Debentures, or from mortgaging, pledging or charging real or personal property or properties of the Company to secure any indebtedness (other than security over the Pledged Units). Material modifications and amendments of the 5.85% Trust Indenture (including the waiver of events of default) require the approval of the holders of 66 2/3% of the principal amount of the then outstanding 5.85% Debentures present at a meeting or represented by proxy or rendered by instruments in writing signed by the holders of not less than 66 2/3% of the principal amount of the then outstanding 5.85% Debentures.

As described below, the Company has a $150 million revolving term credit facility (the "Revolving Credit Facility") with a Canadian chartered bank (the "Revolving Facility Lender"). The consent of the Revolving Facility Lender was required and was obtained in connection with the issuance of the 5.85% Debentures.

CREDIT FACILITY

In 2008, the Company renewed its Revolving Credit Facility and extended the expiry date to September 9, 2009. The Revolving Credit Facility continues to provide for a tiered interest rate structure based on the Company's public debt rating on its debentures. Based on the Company's current debt rating, draws on the credit facility bear interest, at the Company's option, at either the Canadian chartered bank's prime lending rate plus 0.25%, or Corporate Banker's Acceptance rate plus 1.25%. The Company is subject to a standby fee of 0.375% on unused amounts under the facility. In addition, the Revolving Credit Facility no longer requires for the Company to pledge common shares of DundeeWealth as security against amounts borrowed. As at December 31, 2008, the Company had drawn $82.0 million pursuant to the Revolving Credit Facility. The Revolving Credit Facility is subject to annual renewal.

DUNDEEWEALTH CREDIT FACILITY

In September 2008, DundeeWealth amended its revolving term credit facility for $500,000,000 (the "Fifth Amendment"). The credit facility was initially established on February 15, 2007 and amended by agreements dated August 17, 2007, September 25, 2007, February 14, 2008, August 29, 2008 and September 10, 2008 (the "DundeeWealth Credit Facility"). Pursuant to the terms of the DundeeWealth Credit Facility, DWM, DMFL Holding Corp. and GCICL agreed to act as guarantors. The DundeeWealth Credit Facility is secured by the assets of DundeeWealth, DWM, DMFL Holding Corp. and GCICL and contains customary representations, warranties, indemnities and covenants of DundeeWealth (including covenants requiring the maintenance of a minimum level of assets under management and earnings, restricting the existence of secured indebtedness, dispositions of assets in excess of a specified amount, and other standard restrictions). For Canadian dollar borrowings, the facility bears interest, at DundeeWealth's option, at a rate per annum equal to either the bank's prime lending rate for loans or, for bankers' acceptances at the bank's then prevailing bankers' acceptance rate plus 0.95%. For U.S. dollar borrowings, the facility bears interest, at DundeeWealth's option, either at the bank's prevailing Alternate Base Rate Canada for loans, or at LIBOR plus 0.95%. Euro borrowings under the credit facility bear interest at EURIBOR plus 0.95%. Unused amounts available under the facility are subject to standby fee of 0.325% per annum. Pursuant to the Fifth Amendment, the revolving term DundeeWealth Credit Facility will convert into a non-revolving credit facility on September 9, 2009, subject to a mutually agreed extension (the "Term Out Date"). All amounts outstanding under the DundeeWealth Credit Facility are required to be repaid in full on the date which is four years after the Term Out Date. As at December 31, 2008, $169.6 million was drawn on the DundeeWealth Credit Facility.

DUNDEE REALTY CREDIT FACILITY

During 2008, Dundee Realty amended the terms of its revolving term credit facility with a Canadian chartered bank, increasing the amount available pursuant to the facility from $100,000,000 to $150,000,000. The facility bears interest at prime plus 0.625% or at corporate bankers' acceptance rate plus 2.215%. The facility is secured by a general security agreement and first charges against lots, parcels, as well as certain land held for development in Saskatoon, Regina, Calgary and Edmonton. At December 31, 2008, Dundee Realty had drawn $121.1 million against its revolving term credit facility, including $35.7 million in the form of letters of credit.

RATINGS

Credit ratings are intended to provide investors with an independent measure of credit quality of an issue of securities. A description of the rating categories of each of the rating agencies that have rated the

5.85% Debentures and Series 1 Shares follows. The credit rating accorded by each rating agency to the 5.85% Debentures and Series 1 Shares is not a recommendation to buy, sell or hold the 5.85% Debentures and Series 1 Shares and does not address the market price or suitability of a specific security for a particular investor. Credit ratings may not reflect the potential impact of all risks on the value of such securities. Credit ratings may be subject to revision or withdrawal at any time by the applicable rating agency and there can be no assurance that a rating will remain in effect for any given period of time or that a rating will not be revised or withdrawn entirely by a rating agency in the future. Real or anticipated changes in the ratings assigned to such securities may affect the market value of these securities.

Ratings from ‘AA’ to ‘CCC’ may be modified by the addition of a plus or minus sign to show relative standing within the major rating categories. Standard & Poor’s Ratings Services, a division of the McGraw-Hill Companies Canada Corporation (“S&P”) has a rating outlook which assesses the potential direction of a long-term credit rating over the intermediate term (typically six months to two years). In determining a rating outlook, consideration is given to any changes in the economic and/or fundamental business conditions. An outlook is not necessarily a precursor of a rating change. The S&P rating outlooks have the following meanings: (a) “positive” means that a rating may be raised; (b) “stable” means that a rating is not likely to change; (c) “developing” means that a rating may be raised or lowered; and (d) “negative” means that a rating may be lowered. S&P has assigned the Company with a counterparty credit rating of BBB- Stable.

5.85% Debentures

DBRS has not issued a rating for the 5.85% Debentures.

According to S&P, its long-term credit ratings are based, in varying degrees, on the following considerations: likelihood of payment; capacity and willingness of the obligor to meet its financial commitment on an obligation in accordance with the terms of the obligation; nature of and provisions of the obligation; and protection afforded by, and relative position of, the obligation in the event of bankruptcy, reorganization, or other arrangement under the laws of bankruptcy and other laws affecting creditors' rights. The 5.85% Debentures were assigned a rating of BB by S&P. An obligation rated BB by S&P indicates that it is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial or economic conditions which could lead to the company’s inadequate capacity or unwillingness to meet its financial commitment on the obligation. The BB rating is the fifth highest rating of 10 rating levels assigned by S&P for long term issues.

Series 1 Shares

DBRS

The Series 1 Shares have been given a rating of Pfd-3 (low) by DBRS. Pfd-3 (low) is the ninth highest of sixteen ratings used by DBRS for preferred shares. According to DBRS, preferred shares rated Pfd-3 are of adequate credit quality and, while protection of dividends and principal is still considered acceptable for such preferred shares, the issuing entity of preferred shares with a Pfd-3 rating is considered to be more susceptible to adverse changes in financial and economic conditions, there may be other adverse conditions present which detract from debt protection.

S&P

The Series 1 Shares have been given a global scale preferred stock rating of BB with a Canadian scale preferred stock rating of P-3, by S&P. Such P-3 rating is the tenth highest of twenty ratings used by S&P in its Canadian Preferred share rating scale. According to S&P, such a P-3 rating indicates that although the obligation is considered to be less vulnerable to non-payment than other speculative issues, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions which could lead to the obligor's inadequate capacity to meet its financial commitment on the obligation.

NORMAL COURSE ISSUER BID

On March 30, 2009, the Company renewed its normal course issuer bid providing for purchases of up to a maximum of 5,483,299 Subordinate Voting Shares representing approximately 10% of its public float. Purchases may commence on April 1, 2009 and will terminate no later then March 31, 2010. Any Subordinate Voting Shares so purchased will be made in accordance with the policies and rules of the Toronto Stock Exchange (the "TSX") and the price paid will be the market price at the time of purchase. Purchases will be made at such times as the Company believes that the market price of the Subordinate Voting Shares does not reflect their underlying value. The Company purchased an aggregate of 1,859,611 Subordinate Voting Shares for cancellation through the facilities of the TSX under the previous normal course issuer bid which came into effect on April 1, 2008 and expired on March 31, 2009.

RELATIONSHIP BETWEEN THE COMPANY AND CERTAIN RELATED PARTIES

PRINCIPAL SHAREHOLDER OF DUNDEEWEALTH

The Company is the principal shareholder of DundeeWealth. As of February 28, 2009, the Company owned, directly or indirectly, 69,490,415 common shares and 5,453,668 first preference shares, series X which are convertible into common shares of DundeeWealth on a 1.2 for 1 basis. The Company has voting control over 1,958,159 common shares of DundeeWealth that are held in escrow. All of the outstanding special shares, series C, special shares, series D and special shares, series E are currently held in escrow and will be released from escrow and converted into common shares at various dates ending on September 3, 2009 or such later date pursuant to regulatory requirements, initially on a one-for-one basis, subject to adjustment in certain circumstances. While the special shares, series C, the special shares, series D and the special shares, series E are held in escrow, they will be voted in the same manner as the shares of DundeeWealth held by the Company are voted at all meetings of the shareholders of DundeeWealth. This represents a direct and indirect equity ownership of 49.1% assuming the conversion of the first preference shares, series X and a direct and indirect or control over a 62.4% voting interest by the Company in DundeeWealth on a non-diluted basis.

RESTRUCTURING OF ABCP

In August 2007, DundeeWealth purchased the ABCP owned by Dundee Bank of Canada for approximately $400 million. DundeeWealth increased its credit facility to $500 million and also entered into a non-revolving, non-amortizing operating demand loan credit agreement on August 29, 2007 with the Company (the "DC Credit Facility"). The DC Credit Facility was repaid in full in 2007.

The DC Credit Facility terms included the payment by DundeeWealth of interest on the principal amount and overdue interest, calculated daily and paid monthly, not in advance as a rate per annum equal to the Prime Rate (as defined under the Company's credit facility with a Canadian chartered bank) plus two percent.

In connection with the extension of the DC Credit Facility, DundeeWealth also agreed that, subject to regulatory requirements, the Company would thereafter be entitled to vote any shares awarded by DundeeWealth or an affiliate under the DundeeWealth's share incentive plans or similar plans, while such shares are held in escrow or pledged. Effective January 15, 2008, the Company notified DundeeWealth that in accordance with this agreement it would continue to vote any shares held in escrow or trust that were deposited in trust, escrow or were otherwise subject to pledge prior to such date, but that it would cease to exercise voting rights in respect of shares awarded, deposited or held in trust, escrow or subject to pledge under DundeeWealth's share based compensation arrangements or similar plans following January 15, 2008.

RELATIONSHIP WITH SCOTIABANK

On September 28, 2007, DundeeWealth completed the sale of Dundee Bank of Canada to Scotiabank. Pursuant to the agreement, Dundee Bank of Canada was sold for $260 million in cash. In a related transaction, Scotiabank acquired 300,000 common shares and 27,000,000 non-voting special shares, Series F of DundeeWealth from treasury, representing an 18% interest in DundeeWealth for proceeds of $348.3 million.

In connection with Scotiabank's investment in DundeeWealth, the Company, Dundee Capital Corporation and Scotiabank entered into a shareholders' agreement (the "Shareholders' Agreement") outlining their respective rights and interests as shareholders of DundeeWealth.

The Shareholders' Agreement provides that:

(a) in the event that the Company and Dundee Capital Corporation (together, "Dundee") at any time own more than 30% of the outstanding voting shares of DundeeWealth, the Company may request Scotiabank to not vote against or otherwise oppose the nomination by the Company of a majority of the board of directors of DundeeWealth (provided that Scotiabank does not hold more voting and equity shares than the Company and Dundee Capital Corporation at such time);

(b) so long as Scotiabank holds a minimum of 10% of the issued and outstanding voting or equity shares of DundeeWealth, Scotiabank may propose two (2) nominees to the board of directors of DundeeWealth and, so long as Scotiabank holds non-voting special shares, it shall be entitled to propose (1) additional nominee to the board of directors of DundeeWealth; and

(c) if Scotiabank elects to make such designation, the Company shall request that its nominees approve the appointment of the designated Scotiabank nominee to each of the committees of the board of directors of DundeeWealth, provided in each case that the proposed nominee has the requisite qualifications to serve on the particular committee.

The parties have also agreed if the board of directors of DundeeWealth plans to issue additional equity or voting shares of DundeeWealth, (other than pursuant to share based compensation arrangements), each will use its reasonable best efforts to ensure that each of Dundee and Scotiabank is offered the opportunity to purchase shares sufficient to maintain their proportionate voting and equity ownership at that time.

In addition, each of Dundee and Scotiabank have a "right of first offer" to purchase shares of DundeeWealth if the other shareholder wishes to sell and are further subject to certain "rights to match" if the parties do not initially agree on a sale transaction and the seller receives an offer from a third party. Scotiabank has also agreed to customary "standstill" restrictions that prohibit Scotiabank's acquisition of more than a 20% interest in DundeeWealth.

Provided that Dundee Corp. holds at least 20% of the outstanding equity or voting securities of DundeeWealth and in the event that: (a) the right of first offer process is observed; (b) that Scotiabank and the Company do not reach an agreement for the purchase of Dundee Corp.'s DundeeWealth shares pursuant to Scotiabank's right of first offer and such shares are subsequently purchased by a third party; and (c) Scotiabank does not exercise its right to match, then Scotiabank will be entitled to receive a non-success fee from DundeeWealth in an amount equal to between $20 million and $40 million, as determined by reference to the actual per share acquisition price paid by the third party on completion of the acquisition. Although DundeeWealth is not a party to the Shareholders' Agreement, the board of directors of DundeeWealth has approved the performance by DundeeWealth of the above commitment of DundeeWealth as contemplated by the Shareholders' Agreement.

RAVENSDEN SUB-ADVISORY AGREEMENT

On December 1, 2008, GCICL and Ravensden entered into an agreement (the "Ravensden Sub-Advisory Agreement") pursuant to which Ravensden provides discretionary investment management services to GCICL in respect of certain portfolio assets (including mutual funds, hedge funds, closed end funds and Goodman Private Wealth managed accounts (the "Portfolio"). Ravensden is a wholly owned subsidiary of the Company and is an affiliate of GCICL. The Portfolio, which was previously managed by Mr. Ned Goodman as a portfolio manager at GCICL continues to be managed by Mr. Goodman in his capacity as investment counsel and portfolio manager at Ravensden.

PRIOR DISTRIBUTION ARRANGEMENTS

In prior years ending in 1996, GCICL appointed the Company as a distributor of the units of the mutual funds managed by GCICL from time to time. As distributor of these mutual fund units, the Company, from time to time, funded sales commissions paid to brokers and dealers on the sale of mutual fund units acquired on a deferred sales charge basis. In consideration thereof, the Company received the related redemption revenues associated with the commissions paid to such brokers and dealers. As additional consideration, the Company was also entitled to an annual distribution fee of 0.50% of the fair market value of the outstanding mutual fund units distributed by the Company, such fee to be calculated and paid monthly for a period of 15 years from the date on which the Company initially funded the sales commission.

DUNDEE REALTY

On December 24, 2008, Dundee Realty acquired through a private agreement an additional 460,000 Series B Units of Dundee REIT. The Series B Units were acquired at $8.35 per unit, for an aggregate purchase price of $3,841,000. Following the transaction, Dundee Corporation, Dundee Realty and its affiliates held an aggregate 20.7% voting and equity interest in Dundee REIT.

The Company extended a loan to DRC Holding Corporation in June, 2003 in connection with the completion of the acquisition of Dundee Realty by the Company. Dundee Realty and DRC Holding Corporation subsequently amalgamated on December 31, 2003 to continue as Dundee Realty. The loan is a revolving demand loan secured by the assets of Dundee Realty at the interest rate of a Canadian chartered bank's prime lending rate plus 1%. As of December 31, 2008, the outstanding amount of the loan was $60.1 million including interest accruals and other related business transactions.

In connection with the reorganization of Dundee Realty, Dundee Corp. loaned $36.4 million to Dundee Realty. The loan is secured by the assets of Dundee Realty, bears interest at 6.26% per annum and matures on December 31, 2011, subject to earlier prepayment at the option of Dundee Realty. The Company also holds Class B Preferred Shares of Dundee Realty, with a redemption value of $47.8 million. In addition, as described above under "Business of the Company - Real Estate - Dundee Realty - Prior Restructuring of Dundee Realty", the minority shareholder of Dundee Realty has the right to increase its percentage ownership of Dundee Realty from 25% at present to 30% over a six year period commencing in 2007 at a cost of approximately $10.7 million. During 2008, the minority shareholder of Dundee Realty increased its percentage ownership to 25%.

Dundee Realty conducts its real estate activities through joint ventures with third party partners. The Company is contingently liable for the obligations of the other owners of certain unincorporated joint ventures in the amount of $9.9 million as at December 31, 2008. In the event of a default of a joint venture partner, the Company will be entitled to satisfy any outstanding obligations with the share of the assets held by its joint venture partners.

SHAREHOLDERS' AGREEMENT IN RESPECT OF DUNDEE REALTY

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

PURCHASE OF THE DUNDEE MERCHANT BANK

Effective as of June 5, 2008, the Cayman Islands Monetary Authority approved the Company's purchase of all of the shares of The Dundee Merchant Bank (formerly, The Dundee Bank), a bank regulated by the Cayman Island Monetary Authority, from DundeeWealth for an aggregate purchase price equal to its book value of $1.1 million.

TRADEMARKS

The Company is the owner of the trademarks used in the operation of the business of DundeeWealth. DundeeWealth and its operating subsidiaries license these trademarks under a master trademark license agreement with the Company, which provides for use of the trademarks on a non-exclusive basis with no set term. Licensed trademarks include, among others, DundeeWealth™, Dynamic™, Dynamic Value™, Dynamic Power™, Dynamic Focus+™, Dundee Securities™, Dundee Private Investors™ and Dundee Resources™. Pursuant to the master trademark license agreement, licensees may enter into arrangements for the sublicensing of the trademarks to third parties, in each case subject to the prior approval of the Company. The trademarks are important elements in differentiating the Company's brand, products and services from those of competitors and in marketing such products and services.

RISK FACTORS

The risks faced by the Company are described in the Company's 2008 MD&A under "Managing Risk" which is available on SEDAR at www.sedar.com, and is incorporated herein by reference.

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director or executive officer of the Company or any shareholder holding, on record or beneficially, directly or indirectly, more than 10% of the outstanding Subordinate Voting Shares or Common Shares, or any of their respective associates or affiliates, had any material interest, directly or indirectly, in any transaction within the three most recently completed financial years or during the current financial year which has materially affected or would materially affect the Company other than as set out under "Business of the Company" and "Relationship Between the Company and Certain Related Parties" and "Recent Developments".

MATERIAL CONTRACTS

Other than contracts eligible for the ordinary course of business filing exemption, the only material contracts entered into by the Company in the year ended December 31, 2008 or on or after January 1, 2002 which remain in effect are as follows:

1. the 5.85% Trust Indenture dated June 22, 2005 between the Company, certain subsidiaries of the Company, and Computershare Trust Company of Canada, described under "Description of Share Capital - Debentures - 5.85% Exchangeable Unsecured Subordinated Debentures";

2. Underwriting Agreement dated June 6, 2005 between the Company and CIBC World Markets Inc, Scotia Capital Inc., Dundee Securities, RBC Dominion Securities Inc., TD Securities Inc, GMP Securities Ltd., HSBC Securities Inc., Sprott Securities Inc. and Trilon Securities Corporation and

2. Amending Agreement dated June 7, 2005 between the Company and CIBC World Markets Inc, Scotia Capital Inc., Dundee Securities, RBC Dominion Securities Inc., TD Securities Inc, GMP Securities Ltd., HSBC Securities Inc., Sprott Securities Inc. and Trilon Securities Corporation;

3. Underwriting Agreement dated June 14, 2006 between the Company and Scotia Capital Inc., CIBC World Markets Inc., Dundee Securities, RBC Dominion Securities Inc., TD Securities Inc., Desjardins Securities Inc. and GMP Securities LP; and

4. Shareholders' Agreement made as of September 28, 2007 between the Company, Dundee Capital Corporation and Scotiabank.

Copies of the above material contracts are available for inspection on SEDAR at www.sedar.com.

TRANSFER AGENT AND REGISTRAR

The Company's registrar and transfer agent is Computershare Investor Services Inc., Toronto, Ontario.

EXPERTS

The financial statements for the financial year ended December 31, 2008, have been audited by PricewaterhouseCoopers LLP, the Company's auditors who are independent in accordance with the auditors' rules of professional conduct in Canada.

AUDIT COMMITTEE

COMPOSITION OF AUDIT COMMITTEE

As at December 31, 2008, the audit committee of the directors of the Company (the "Audit Committee") was composed of the following persons:

K. Barry Sparks (Chair)
Normand Beauchamp
Garth MacRae
Robert McLeish
Ellis Jacob

The directors of the Company have determined that each of the members of the Audit Committee is independent and financially literate within the meaning of Multilateral Instrument 52-110 Audit Committees. Financial literacy is defined as the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

RELEVANT EDUCATION AND EXPERIENCE OF AUDIT COMMITTEE MEMBERS

The education and experience of each Audit Committee member that is relevant to such member's responsibilities as a member of the Audit Committee are set out below:

K. Barry Sparks

Barry Sparks, B. Comm., FICB, has served as a director of the Company since April 1993. Mr. Sparks commenced his career in corporate finance with the Royal Bank of Canada where he served until 1984, leaving as Vice President, Government and Business, Ontario. Since then he has provided corporate advice and management services through several companies. Mr. Sparks is President of Torvan Capital Group which, during 2005, became a division of Ashley Park Enterprises Inc. Mr. Sparks is also President and a director of Cencotech Inc. Mr. Sparks has been the chief financial officer of a private Canadian operating corporation for the past 18 years and has served as the Chair of the Company's Audit Committee since 1998.

Normand Beauchamp

Normand Beauchamp has served as a director of the Company since its inception in October 1991. Since 1960, he has been active in different areas of the Canadian broadcasting industry, operating and developing radio and television stations and networks. In 1985, he acquired Radiomutuel Inc., a publicly traded communications company, and became President, Chairman and Chief Executive Officer. Mr. Beauchamp is now President of Capital NDSL Inc., an investment company, and is also a director of Astral Media Inc. and a trustee of BTB Real Estate Investment Trust.

Garth MacRae

Garth MacRae, Chartered Accountant, has served as a director of the Company since its inception in October 1991 and served as Vice Chairman from June 1993 until March 2004. Mr. MacRae has also served as a director of DundeeWealth since its inception in November 1998 and is currently Chair of the DundeeWealth Audit Committee. Mr. MacRae has over 18 years of public accounting experience and has held executive positions with Hudson Bay Mining, Brinco Limited and Denison Mines Limited. Mr. MacRae is currently a director and member of the audit committee of Breakwater Resources Ltd., Dundee Precious Metals Inc., Eurogas Corporation, GeneNews Limited, Torque Energy Inc. and Uranium Participation Corporation.

Robert McLeish

Robert McLeish, B. Comm. and CFA, has served as a director of the Company since March 2002. Mr. McLeish is a consultant who has over 37 years of experience in the investment business and retired as Vice Chairman and director of Merrill Lynch Canada Inc. Mr. McLeish has been a member of various committees of The Toronto Stock Exchange, including the Conflicts of Interest Committee, and is currently a director of Airboss of America Corp. and Welton Energy Corporation and is also a former director of the Juvenile Diabetes Research Foundation. Mr. McLeish is lead director of DundeeWealth.

Ellis Jacob

Ellis Jacob, FCA, CMA, MBA, has served as a director of the company since June 2008. Mr. Jacob has 22 years of experience in the motion picture exhibition industry, and is President and Chief Executive Officer of Cineplex Entertainment. Prior to the acquisition of Famous Players and the creation of Cineplex Entertainment, he was President and Chief Executive Officer of Cineplex Galaxy LP. In 1999 he co-founded Galaxy Entertainment Inc. Mr. Jacob has been a member of several company boards and audit committees and holds an MBA from the Schulich School of Business and is an FCA and CMA.

AUDIT COMMITTEE CHARTER

The responsibilities and duties of the Audit Committee are set out in the Audit Committee's charter, the full text of which is attached as Appendix "A" hereto.

PRE-APPROVAL POLICY

In November 2003, the directors of the Company, upon the recommendation of the Audit Committee, approved a formal policy which provides for the pre-approval by the Audit Committee or one of its members of all permitted non-audit services to be performed by the external auditor of the Company. Requests for pre-approval for permitted non-audit services are considered by the Audit Committee at its regularly scheduled meetings and by the Chair of the Audit Committee between Audit Committee meetings, in which case, such matters are subsequently reported thereon at the next scheduled Audit Committee meeting. Since the implementation of this policy, all permitted non-audit services have been pre-approved in accordance with the provisions of the policy.

EXTERNAL AUDITOR SERVICE FEES

During 2008 and 2007, the Company (and its subsidiaries that were audited by the Company's external auditor) paid the following fees to the Company's external auditors, for the following fee categories:

Fee Category	2008 ($)	2007 ($)
Audit Fees	2,472,575	2,599,500
Audit-Related Fees	363,750	389,760
Tax Services Fees	449,744	307,781
Other Fees	Nil	42,074
	3,286,069	3,339,115

Audit Fees

Audit fees include all fees paid to the Company's external auditor for the audit of the Company's consolidated financial statements and other required statutory/regulatory audits and filings of the Company and certain of its subsidiaries.

Audit-Related Fees

Audit-related fees include all fees paid to the Company's external auditor for audit-related services including the review of the Company's interim financial statements, preparation and/or review of certain filings with Canadian securities regulators, including comfort and consent letters, and accounting consultations on matters addressed during the audit and interim reviews.

Tax Services Fees

Tax services fees include all fees paid to the Company's external auditor for tax-related advice including tax return preparation and/or review and tax planning advice.

ADDITIONAL INFORMATION

Additional information with respect to the Company, including directors' and officers' remuneration and indebtedness, principal holders of the Company's securities, and securities authorized for issuance under equity compensation plans, if applicable, is contained in the Company's management information circular for its most recent annual meeting of shareholders. Additional financial information is provided in the Company's audited consolidated comparative financial statements and notes to the audited consolidated financial statements and the Company's 2008 MD&A. Additional information relating to the Company has been filed with the securities regulators in Canada and may be accessed at www.sedar.com.

APPENDIX A

AUDIT COMMITTEE CHARTER

ORGANIZATION

This Charter governs the operations of the Audit Committee. The Board of Directors shall appoint an Audit Committee (the "Committee") of at least three members, consisting entirely of independent directors of the Board, and shall designate one member as chairperson or delegate the authority to designate a chairperson to the Committee. For purposes hereof, members shall be considered independent as long as they satisfy all of the independence requirements for Board Members as set forth in the applicable stock exchange listing and securities commission standards.

Each member of the Committee shall be financially literate, or become financially literate within a reasonable period of time, and at least one member shall be an "audit committee financial expert," as defined by SEC rules, as applicable to foreign private issuers.

The Committee shall meet at least quarterly in addition to a meeting for audit planning purposes. The Committee shall meet separately and periodically with management and with the independent auditors. The Committee shall report regularly to the Board of Directors with respect to its activities.

PURPOSE

The purpose of the Committee shall be to:

- Provide assistance to the Board of Directors in fulfilling its oversight responsibility to the shareholders, potential shareholders, the investment community, and others relating to: (i) the integrity of the Company's financial statements; (ii) the Company's compliance with legal and regulatory requirements; and (iii) the independent auditors' qualifications and independence; and

- Provide the Audit Committee report that Canadian securities laws require to be included in the Company's AIF.

The Committee shall retain and compensate such outside legal, accounting or other advisors, as it considers necessary in discharging its oversight role.

In fulfilling its purpose, it is the responsibility of the Committee to maintain free and open communication between the Committee, independent auditors, and management of the Company, and to determine that all parties are aware of their responsibilities.

Duties and Responsibilities

The Committee has the responsibilities and powers set forth in this Charter. Management is responsible for the preparation, presentation, and integrity of the Company's financial statements, for the appropriateness of the accounting principles and reporting policies that are used by the Company and for implementing and maintaining internal control over financial reporting. The independent auditors are responsible for auditing the Company's financial statements and for reviewing the Company's unaudited interim financial statements. The Company's internal auditor will report to the Chief Financial Officer on a day to day basis but will also have a direct reporting line to the Committee. The Committee shall approve the internal auditor's mandate which shall be reviewed annually.

The Company believes that, in carrying out the Committee's responsibilities, its policies and procedures should remain flexible, in order to best react to changing conditions and circumstances. The Committee will take appropriate actions to set the overall corporate "tone" for quality financial reporting and ethical behaviour.

The following shall be the principal duties and responsibilities of the Committee. These are set forth as a guide with the understanding that the Committee may supplement them as appropriate.

- The Committee shall be responsible to advise the Board, for the Board's recommendation to shareholders, in respect of the appointment, compensation and retention of the independent auditors;

- The Committee shall be directly responsible for the oversight of the work of the independent auditors (including resolution of disagreements between management and the auditors regarding financial reporting) for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the listed issuer, and the independent auditors must report directly to the Committee;

- At least annually, the Committee shall obtain and review a report by the independent auditors describing: (i) the firm's internal quality control processes; (ii) sanctions made by any government or professional authorities, respecting one or more independent audits carried out by the firm, and any steps taken to deal with any such issues; and (iii) all relationships between the independent auditors and the Company (to assess the auditors' independence);

- After reviewing the foregoing report and the independent auditors' work throughout the year, and after receiving written confirmation from the auditors declaring their independence, the Committee shall evaluate the auditors' qualifications, performance and independence. Such evaluation shall include the review and evaluation of the lead partner of the independent auditors and take into account the opinions of management and the Company's personnel responsible for the internal audit function;

- The Committee shall determine that the independent audit firm has a process in place to address the rotation of the lead audit partner and other audit partners serving the account as required under Canadian independence standards and the SEC independence rules, as applicable to foreign private issuers;

- The Committee shall pre-approve all audit and non-audit services provided by the independent auditors and shall only engage the independent auditors to perform non-audit services permitted by law or regulation. The Committee may delegate pre-approval authority to a member of the Audit Committee. The decisions of any Committee member to whom pre-approval authority is delegated must be presented to the full Committee at its next scheduled meeting;

- The Committee shall discuss with the independent auditors the overall scope and plans for their respective audits, including the adequacy of staffing and compensation;

- The Committee shall regularly review with the independent auditors any audit problems or difficulties encountered during the course of the audit work, including any restrictions on the scope of the independent auditors' activities or access to requested information, and management's response. The Committee shall review any accounting adjustments that were noted or proposed by the auditors but were "passed" (as immaterial or otherwise); any communications between the audit team and the audit firm's national office relating to problems or difficulties encountered with respect to significant auditing or accounting issues; and any "management" or "internal control" letter issued, or proposed to be issued, by the audit firm to the Company;

- The Committee shall review and approve the quarterly financial statements, for submission to the Board of Directors, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior to the filing of the Company's Quarterly Report. Also, the Committee shall discuss the results of the quarterly review and any other matters required to be communicated to the Committee by the independent auditors under generally

- accepted auditing standards. The Committee shall discuss and review with management the quarterly certification process;

- The Committee shall review and recommend approval of the annual audited financial statements, to the Board of Directors, including Management's Discussion and Analysis of Financial Condition and Results of Operations, with management and the independent auditors prior to the filing of the Company's financial statements and Management's Discussion and Analysis. The Committee's review of the financial statements shall include: (i) major issues regarding accounting principles and financial statement presentation, including any significant changes in the Company's selection or application of accounting principles, and major issues as to the adequacy of the Company's internal controls and any specific remedial actions adopted in light of material control deficiencies; (ii) discussions with management and the independent auditors regarding significant financial reporting issues and judgments made in connection with the preparation of the financial statements and the reasonableness of those judgments; (iii) consideration of the effect of regulatory accounting initiatives, as well as off-balance sheet structures on the financial statements; (iv) consideration of the judgment of both management and the independent auditors about the quality of accounting principles; and (v) the clarity of the disclosures in the financial statements. Also, the Committee shall discuss the results of the annual audit and any other matters required to be communicated to the Committee by the independent auditors under professional standards. The Committee shall discuss and review with management the annual certification process;

- The Committee shall receive and review a report from the independent auditors, prior to the filing of the Company's Annual Report, on all critical accounting policies and practices of the Company; all material alternative treatments of financial information within generally accepted accounting principles that have been discussed with management, including the ramifications of the use of such alternative treatments and disclosures and the treatment preferred by the independent auditors; and other material written communications between the independent auditors and management;

- The Committee shall review and approve all related party transactions not in the ordinary course of business in the absence of a special committee of the Board of Directors designated for such function;

- The Committee shall review earnings press releases for recommendation to the Board;

- The Committee shall discuss with management and the independent auditors the adequacy and effectiveness of internal control over financial reporting, including any significant deficiencies or material weaknesses identified by management of the Company in respect of the Sarbanes-Oxley, SEC and Canadian securities law requirements, including any proposed securities laws;

- The Committee shall review with management the Company's compliance systems with respect to legal and regulatory requirements;

- The Committee shall review periodically with management the risk of fraud with respect to the organization and the controls in place to manage those risks;

- The Committee shall ensure that the Company establish appropriate policies and procedures for the receipt, retention, and treatment of complaints received by the Company regarding accounting, internal accounting controls, or auditing matters, and the confidential, anonymous submission by employees of the Company of concerns regarding questionable accounting or auditing matters;

- The Committee shall ensure that the Company has in effect clear hiring policies for employees or former employees of the independent auditors that meet Canadian independence standards and the SEC regulations, as applicable to foreign private issuers, and stock exchange listing standards;

- The Committee shall, with the assistance of management, determine the appropriate funding needed by the Committee for payment of: (1) compensation to the independent audit firm engaged for the purpose of preparing or issuing an audit report or performing other audit, review, or attest services for the

Company; (2) compensation to any advisors employed by the Committee; and (3) ordinary administrative expenses of the Committee that are necessary or appropriate in carrying out its duties;

- To the extent the Company maintains an internal audit function, the Committee shall meet with the internal auditors, discuss the overall scope and plans for the internal audit function, including approval of its mandate, and discuss the adequacy and effectiveness of internal control with the internal auditors;
- The Committee shall ensure that the policies established pursuant to the Charter are communicated and to the best of its ability shall ensure that they are implemented by the audit committees of subsidiary companies where appropriate and the Committee shall ensure that the necessary follow-up is undertaken with such other audit committees;
- The Committee shall perform an evaluation of its performance at least annually to determine whether it is functioning effectively; and
- The Committee shall review and reassess the Charter at least annually and obtain the approval of the Board of Directors.

Exhibit 99.2

DUNDEE CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

AS AT AND FOR THE YEAR ENDED DECEMBER 31, 2008

Management's Responsibility for Financial Reporting

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

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

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

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

(signed)	*(signed)*
Ned Goodman *President and Chief Executive Officer*	Joanne Ferstman *Executive Vice President,* *Chief Financial Officer and Corporate Secretary*

Toronto, Canada
April 7, 2009

Independent Auditors' Report

To the Directors of Dundee Corporation:

We have completed integrated audits of Dundee Corporation's (the "Company") 2008 and 2007 consolidated financial statements and of its internal control over financial reporting as at December 31, 2008. Our opinions, based on our audits, are presented below.

Consolidated Financial statements

We have audited the accompanying consolidated balance sheets of the Company as at December 31, 2008 and 2007 and the consolidated statements of operations, comprehensive (loss) income, changes in shareholders' equity and cash flows for each of the years then ended. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits of the Company's consolidated financial statements in accordance with Canadian generally accepted auditing standards and the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform an audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit of financial statements includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. A financial statement audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the Company as at December 31, 2008 and 2007 and the results of its operations and its cash flows for each of the years then ended in accordance with Canadian generally accepted accounting principles.

As described in note 1 to the consolidated financial statements, the Company adopted new accounting standards related to disclosure and presentation of financial instruments and inventories on January 1, 2008.

Internal control over financial reporting

We have also audited Dundee Corporation's internal control over financial reporting as at December 31, 2008, based on criteria established in *Internal Control - Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission (COSO). The Company's management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in "Management's Report on Internal Control Over Financial Reporting", which appears on Page 2 of the Company's Annual Report on Form 40-F. Our responsibility is to express an opinion on the Company's internal control over financial reporting based on our audit.

We conducted our audit of internal control over financial reporting in accordance with the standards of the Public Company Accounting Oversight Board (United States). Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. An audit of internal control over financial reporting includes obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we consider necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (i) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (ii) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (iii) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, the Company maintained, in all material respects, effective internal control over financial reporting as at December 31, 2008 based on criteria established in *Internal Control — Integrated Framework* issued by the COSO.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
April 7, 2009

DUNDEE CORPORATION
CONSOLIDATED BALANCE SHEETS

As at December 31, 2008 and 2007
(expressed in thousands of Canadian dollars)

	2008	2007
ASSETS		
Cash and cash equivalents	$167,584	$126,915
Accounts receivable	406,076	399,904
Client accounts receivable (note 4)	389,282	408,778
Trading securities owned (note 5)	161,882	263,943
Available-for-sale securities (note 6)	294,730	645,181
Equity accounted investments (note 7)	160,339	289,041
Deferred sales commissions (note 8)	234,027	207,005
Capital, real estate and other assets (note 9)	526,256	559,603
Goodwill and other intangible assets (note 10)	740,784	705,439
Assets of discontinued operations (note 3)	-	3,287
TOTAL ASSETS	**$3,080,960**	**$3,609,096**
LIABILITIES		
Bank indebtedness (note 11)	$-	$43,125
Accounts payable and accrued liabilities	291,029	350,515
Client deposits and related liabilities (note 12)	408,647	423,320
Trading securities sold short (note 5)	43,951	106,521
Income taxes payable	8,472	46,319
Corporate debt (note 13)	529,507	355,714
Series 1 preference shares, DundeeWealth (note 14)	152,978	152,655
Preference shares, series 1 (note 14)	147,371	147,020
Future income tax liabilities (note 20)	3,024	134,862
Liabilities of discontinued operations (note 3)	-	2,395
	1,584,979	1,762,446
NON-CONTROLLING INTEREST	615,142	726,394
SHAREHOLDERS' EQUITY		
Share capital (note 15)		
Common shares	288,398	292,538
Contributed surplus	11,549	7,513
Retained earnings	604,075	818,885
Accumulated other comprehensive (loss) income (note 16)	(23,183)	1,320
	880,839	1,120,256
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	**$3,080,960**	**$3,609,096**

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

Commitments, contingencies and off-balance sheet arrangements (note 24)

Approved by the Board:

(signed) Ned Goodman
Director

(signed) Garth A.C. MacRae
Director

DUNDEE CORPORATION

D U N D E E   C O R P O R A T I O N
C O N S O L I D A T E D   S T A T E M E N T S   O F   O P E R A T I O N S

For the years ended December 31, 2008 and 2007
(expressed in thousands of Canadian dollars, except per share amounts)

	2008	2007
REVENUES		
Management fees	$464,288	$557,268
Redemption fees	16,833	14,725
Financial services	325,360	418,234
Real estate revenues	400,925	355,862
	1,207,406	1,346,089
Investment income (note 17)	21,249	52,843
	1,228,655	1,398,932
EXPENSES		
Selling, general and administrative (notes 18 and 19)	343,157	347,916
Variable compensation	229,137	283,058
Trailer service fees	134,234	129,355
Operating costs, real estate	286,538	229,909
	993,066	990,238
OPERATING EARNINGS BEFORE INTEREST, TAXES, AND OTHER NON-CASH ITEMS	235,589	408,694
Amortization of deferred sales commissions	81,868	67,508
Depreciation, depletion and amortization	21,409	27,042
Interest expense	31,908	39,275
Share of losses (earnings) of equity accounted investees (note 17)	35,690	(29,932)
Fair value adjustments (notes 6 and 7)	385,292	37,607
Foreign exchange loss (gains)	12,593	(5,413)
Unrealized (gain) on exchangeable debentures (note 13)	(1,314)	(18,237)
OPERATING EARNINGS (LOSS) BEFORE UNDERNOTED ITEMS	(331,857)	290,844
Dilution gains (note 3)	578	136,591
Loss on sale of subsidiary (note 3)	(17,679)	-
	(348,958)	427,435
Income taxes (note 20)		
Current	62,461	103,678
Future	(140,850)	(12,208)
	(78,389)	91,470
Non-controlling interest	(74,308)	58,326
NET (LOSS) EARNINGS FROM CONTINUING OPERATIONS	(196,261)	277,639
Earnings (loss) from discontinued operations of DundeeWealth, net of tax and non-controlling interest (note 3)	69	(79,815)
Share of earnings of discontinued operations of Dundee REIT, net of tax (notes 3 and 17)	-	95,909
NET (LOSS) EARNINGS FOR THE YEAR	**$(196,192)**	**$293,733**
NET (LOSS) EARNINGS PER SHARE (note 21)		
Basic		
Continuing operations	$(2.62)	$3.68
Discontinued operations	-	0.22
Basic net (loss) earnings per share	$(2.62)	$3.90
Diluted		
Continuing operations	$(2.62)	$3.49

Discontinued operations	-	0.29
Diluted net (loss) earnings per share	$(2.62)	$3.78

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

DUNDEE CORPORATION
CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME

For the years ended December 31, 2008 and 2007
(expressed in thousands of Canadian dollars)

	ref	2008	2007
NET (LOSS) EARNINGS FOR THE YEAR		$(196,192)	$293,733
Other comprehensive (loss) income			
Unrealized losses on available-for-sale securities	a	(231,590)	(42,440)
Transfer of unrealized losses to net earnings	b	198,772	22,286
Reversal of unrealized losses on available-for-sale securities	c	677	-
Unrealized foreign currency gain on forward contract	d	1,516	-
Unrealized foreign currency translation	e	12,488	(9,160)
Transfer of unrealized gains from foreign currency translation to net earnings	f	(1,284)	-
Share of other comprehensive loss of equity accounted investees	g	(1,174)	(10,234)
Non-controlling interest		(3,908)	12,685
Other comprehensive loss from continuing operations		(24,503)	(26,863)
Unrealized loss from discontinued operations, net of non-controlling interest	h	-	(94,819)
Transfer of loss from discontinued operations to net earnings	i	-	94,539
Other comprehensive loss from discontinued operations		-	(280)
OTHER COMPREHENSIVE LOSS FOR THE YEAR		(24,503)	(27,143)
COMPREHENSIVE (LOSS) INCOME		**$(220,695)**	**$266,590**
a) Net of taxes of		$89,697	$17,560
b) Net of taxes of		$(74,642)	$(8,587)
c) Net of taxes of		$(310)	$-
d) Net of taxes of		$(679)	$-
e) Net of taxes of		$(3,680)	$2,491
f) Net of taxes of		$524	$-
g) Net of taxes of		$628	$4,113
h) Net of taxes of		$-	$45,518
i) Net of taxes of		$-	$(45,518)

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

D U N D E E   C O R P O R A T I O N

C O N S O L I D A T E D   S T A T E M E N T S   O F   C H A N G E S   I N   S H A R E H O L D E R S' E   Q U I T Y

As at and for the years ended December 31, 2008 and 2007
(expressed in thousands of Canadian dollars)

	Common Shares	Contributed Surplus	Retained Earnings	Accumulated Other Comprehensive (Loss) Income	Total
Balance, January 1, 2007	$289,849	$ 5,426	$525,993	$ 28,463	$849,731
Net earnings	-	-	293,733	-	293,733
Other comprehensive loss	-	-	(366)	(27,143)	(27,509)
Issuance of Class A subordinate shares for cash	71	-	-	-	71
Stock based compensation	-	2,087	-	-	2,087
Cancellation of options	-	-	(475)	-	(475)
Exercise of options	2,618	-	-	-	2,618
Balance, December 31, 2007	292,538	7,513	818,885	1,320	1,120,256
Adoption of new accounting policy (note 2)	-	-	(4,480)	-	(4,480)
Net loss	-	-	(196,192)	-	(196,192)
Other comprehensive loss	-	-	-	(24,503)	(24,503)
Acquisition of Class A subordinate shares for cancellation	(6,374)	-	(13,979)	-	(20,353)
Issuance of Class A subordinate shares for cash	121	-	-	-	121
Issuance of Class A subordinate shares for non-cash consideration	45	-	-	-	45
Stock based compensation	-	4,072	(159)	-	3,913
Exercise of options	2,068	(36)	-	-	2,032
Balance, December 31, 2008	**$288,398**	**$ 11,549**	**$604,075**	**$ (23,183)**	**$880,839**

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

D U N D E E   C O R P O R A T I O N

C O N S O L I D A T E D   S T A T E M E N T S   O F   C A S H F L O W S

For the years ended December 31, 2008 and 2007

(expressed in thousands of Canadian dollars)

	2008	2007
CASH FLOWS FROM OPERATING ACTIVITIES:		
Net (loss) earnings from continuing operations for the year	$(196,261)	$277,639
Non-cash items in net (loss) earnings:		
Depreciation, depletion and amortization	103,277	94,550
Net investment loss (gains)	1,365	(40,060)
Share of unremitted equity losses (earnings)	35,690	(29,932)
Dilution gains	(578)	(136,591)
Fair value adjustments	385,292	37,607
Unrealized gain on exchangeable debentures	(1,314)	(18,237)
Loss on sale of subsidiary	17,679	-
Future income taxes	(140,850)	(12,208)
Non-controlling interest	(74,308)	58,326
Stock based compensation	23,935	19,897
Other	17,620	5,216
	171,547	256,207
Changes in:		
Accounts receivable	109,225	(5,812)
Accounts payable and accrued liabilities	(77,417)	25,965
Bank indebtedness	(43,125)	(6,534)
Income taxes payable	(35,210)	(6,615)
Trading securities owned and sold short, net	48,889	(113,037)
Client accounts receivable, net of client deposits and related liabilities	4,823	65,296
Development of land, housing and condominium inventory	28,965	(17,612)
Other real estate working capital	(75,829)	(9,573)
CASH PROVIDED FROM OPERATING ACTIVITIES	131,868	188,285
CASH FLOWS FROM INVESTING ACTIVITIES:		
Net investment in real estate assets	(29,960)	(18,180)
Proceeds from (investment in) oil and gas properties	45,151	(20,589)
Sales commissions incurred on distribution of mutual funds	(108,890)	(100,711)
Proceeds from dispositions of corporate investments	116,629	268,161
Acquisitions of corporate investments	(102,945)	(713,951)
Cash disbursed in business combinations (note 3)	(64,455)	(156,148)
Acquisition of capital and other tangible assets	(5,750)	(22,328)
CASH USED IN INVESTING ACTIVITIES	(150,220)	(763,746)
CASH FLOWS FROM FINANCING ACTIVITIES:		
Change in real estate debt	4,542	(6,316)
Change in corporate debt	103,969	20,672
Issuance of Class A subordinate shares, net of issue costs	2,153	2,689
Amounts repaid to non-controlling shareholders	(7,134)	-
Acquisition of Class A subordinate shares, net of costs	(20,353)	-
Net (cancellation) issuance of shares by subsidiaries	(16,614)	519,463
Dividends paid by subsidiaries to non-controlling shareholders	(7,742)	(38,548)
CASH PROVIDED FROM FINANCING ACTIVITIES	58,821	497,960
NET INCREASE (DECREASE) IN CASH DURING THE YEAR	40,469	(77,501)
Cash and cash equivalents, beginning of year	126,915	255,282
Change in net cash relating to discontinued operations	200	(48,766)
CASH AND CASH EQUIVALENTS, END OF YEAR	**$167,584**	**$129,015**
Cash and cash equivalents, beginning of year		
Cash from continuing operations	$126,915	$199,496

Cash from discontinued operations	-	55,786
	$126,915	$255,282
Cash and cash equivalents, end of year		
Cash from continuing operations	$167,584	$126,915
Cash from discontinued operations	-	2,100
	$167,584	$129,015
Cash flows from operating activities include the following:		
Interest paid	$31,908	$39,275
Taxes paid	$101,899	$115,256

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

December 31, 2008 and 2007
(tabular dollar amounts in thousands of Canadian dollars, except per share amounts)

Dundee Corporation (the "Company" or "Dundee Corporation") is an asset management company dedicated to private wealth management, real estate and resources. The Company's domestic wealth management activities are carried out through its 63% controlled subsidiary, DundeeWealth Inc. ("DundeeWealth"). Wealth management activities are also carried out internationally through operations in Bermuda and the Cayman Islands. Together, these domestic and international wealth management operations provide a broad range of financial products and services to financial advisors, institutions, corporations and foundations. Real estate operations are carried out primarily through the Company's 75% owned subsidiary, Dundee Realty Corporation ("Dundee Realty"), which operates as an owner/developer of residential and recreational properties in North America and asset manager of commercial real estate and infrastructure. Real estate operations also include a 21% interest in Dundee Real Estate Investment Trust ("Dundee REIT"), a Canadian real estate investment trust. The Company's resource activities are carried out through Dundee Resources Ltd. ("Dundee Resources"), a wholly owned subsidiary. Asset management activities are carried out through Ravensden Asset Management Inc. and Dundee Real Estate Asset Management ("DREAM"). Dundee Corporation also holds and manages its own investments, which include both publicly listed and private companies in a variety of sectors. The Company is listed on The Toronto Stock Exchange ("TSX") under the symbol (TSX – DC.A).

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

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

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

	Year ended December 31, 2008		Year ended December 31, 2007	
	Opening Ownership	Ending Ownership	Opening Ownership	Ending Ownership
DundeeWealth*	45 %	49 %	62 %	45 %
Dundee Realty	77 %	75 %	78 %	77 %
Eurogas Corporation	51 %	53 %	51 %	51 %

**The Company holds a 63% voting interest in DundeeWealth at December 31, 2008.*

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

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

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

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

Key areas of estimation, where management has made difficult, complex or subjective judgments, often about matters that are inherently uncertain, include the determination of fair values of net assets acquired in a business combination, including the identification of intangible assets, the determination of fair values of equity accounted investments, the determination of fair values of financial instruments, including the Company's portfolio of asset-backed commercial paper ("ABCP") and collateralized loan obligations ("CLOs"), the determination of other-than-temporary impairment in fair value, allowances for credit losses, income taxes, stock based compensation, deferred sales commissions, the valuation of goodwill and other intangible assets, the consolidation of VIEs, the valuation of and determination of useful lives for capital, real estate and other assets, fair values of oil and gas properties and gas storage facilities and the determination of contingencies.

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

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

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

The Company has reviewed its relationships and determined that there were VIEs for which it was considered the primary beneficiary as at December 31, 2008 and 2007. The following is a discussion of the Company's VIEs.

As a result of the reorganization of Eurogas Corporation ("Eurogas") on July 10, 2008 (note 3), Eurogas International Inc. ("EII") was determined to be a VIE for which the Company is the primary beneficiary. Accordingly, the accounts of EII have been consolidated.

On March 1, 2006, Dundee Realty sold a 50% ownership interest of a revenue property to the co-owner. The proceeds received were in the form of a loan that Dundee Realty provided to the co-owner to invest in the property. Dundee Realty's interest in the property is a variable interest through which it is considered the primary beneficiary. As a result, Dundee Realty has consolidated the accounts of the revenue property and eliminated the related gain on the sale.

On January 1, 2006, Dundee Realty acquired a 50% interest in Distillery Restaurants Limited Partnership (the "partnership"). Dundee Realty's interest in the partnership was considered a variable interest given that it also provided funds to the other 50% owners of the partnership to invest in the partnership. Dundee Realty was considered the primary beneficiary of the partnership, resulting in it consolidating the partnership between January 1, 2006 and August 31, 2007. However, commencing September 1, 2007, the funds loaned to the other partners of the partnership were fully repaid, resulting in Dundee Realty no longer being considered the primary beneficiary. As a result, Dundee Realty has proportionately consolidated the partnership beginning with September 1, 2007.

On October 1, 2005, Dundee Realty acquired a 50% interest in the Distillery Historic District (the "co-ownership") and at the same time provided funds to the other co-owners to invest in the co-ownership. The co-ownership is a VIE for which Dundee Realty is considered the primary beneficiary. As a result, commencing on October 1, 2005, Dundee Realty has consolidated the accounts of the co-ownership.

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

Client Accounts
Client accounts receivable include both clients' trading accounts and brokers' and dealers' trading accounts in DundeeWealth's brokerage subsidiary. Client deposits and related liabilities include client cash and client and brokers' and dealers' trading balances.

In accordance with brokerage industry practice, client transactions are entered into on either a cash or a margin basis and are recorded on a trade-date basis. If transactions are conducted on a margin basis, DundeeWealth's brokerage subsidiary may extend credit to a client to purchase securities and such securities purchased and/or other securities in the client's account are held as collateral for the amounts loaned. Amounts due from clients are carried at the contractual amount receivable, net of any allowance for credit losses. DundeeWealth's brokerage subsidiary engages in securities borrowing and lending transactions. Cash received or delivered as collateral against these transactions is included in client accounts.

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

Financial Instruments
All financial assets are classified as trading, AFS, held-to-maturity ("HTM") or loans and receivables. Transaction costs that are directly attributable to the acquisition or issue of a financial instrument classified as other than trading are added to the carrying amount.

All financial assets are measured at fair value with the exception of loans and receivables, debt securities classified as HTM and AFS equities that do not have quoted market values in active markets. Fair value is generally determined based on market value or, where market prices are not readily available, on quoted market prices for similar securities or other third party evidence. However, even where a fair value of a financial instrument is derived from independent broker or dealer price quotes, a valuation adjustment based on certain assumptions may be required to determine the fair value. For financial instruments in illiquid investments, the Company estimates the fair value based on valuation models using relevant assumptions based on observable market data or independently sourced market information and internal data, as may be available. Privately held securities are carried at cost.

Changes in the unrealized fair value of financial assets designated as trading are reported in earnings in the consolidated statement of operations. Changes in the unrealized fair value of financial assets designated as AFS are reported as OCI in the consolidated statement of comprehensive income and are included in accumulated other comprehensive income ("AOCI") until the financial asset is disposed of or becomes impaired, at which time, impairment losses are recognized in net earnings.

Trading Financial Assets and Liabilities
Trading financial assets and liabilities are securities that are purchased for resale and are generally held for short periods of time. The Company's trading portfolio is related to trading operations in DundeeWealth's brokerage subsidiary and certain other investments in guaranteed investment certificates and discounted notes issued by a Canadian Schedule I Chartered Bank. Trading securities are measured at fair value at the balance sheet date. Both realized and unrealized gains and losses from changes in fair value are recorded in earnings and are reported in financial services revenue.

Available-for-Sale Financial Assets
Available-for-sale financial assets are those non-derivative financial assets that are designated as AFS or that are not classified as loans and receivables, HTM, trading, or designated as fair value financial assets and which are not subject to significant influence. AFS securities are generally carried at fair values with unrealized gains and losses being included in AOCI as described above.

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

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

Loans and Receivables
Loans and receivables are accounted for at amortized cost.

Held-to-Maturity Financial Assets
Financial assets designated as HTM comprise non-derivative financial assets with fixed or determinable payments and a fixed maturity, other than loans and receivables that the Company has the intent and ability to hold to maturity. HTM financial assets are recorded at amortized cost. The Company has not presently designated any such assets.

Designation at Fair Value Financial Assets and Liabilities
Upon initial recognition, the Company may elect to designate financial assets and liabilities at fair value and subsequently account for them in the same manner as trading financial assets and liabilities. The Company has not presently elected to designate any such assets or liabilities.

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

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

Hedge Accounting
The Company acquires derivative instruments for risk management purposes, and when such financial instruments meet the criteria specified in the relevant accounting guidance, the Company may apply fair value hedge accounting or cash flow hedge accounting, as appropriate, to the risks being hedged. Fair value hedges are used to hedge changes in the fair value of assets, liabilities or firm commitments and changes in the fair value of the derivative instruments are recorded in net earnings. Cash flow hedges are used to hedge the variability of cash flows related to variable rate assets, liabilities or forecasted transactions and the effective portion of the changes in the fair value of the derivative instruments are recorded in OCI until the hedged items are recognized in net earnings. The ineffective portion of the derivative instruments used in cash flow hedges is immediately recognized in net earnings.

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

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

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

Deferred Sales Commissions

Deferred sales commissions consist of sales commissions paid to financial advisors on the sale of investment management products sold on a deferred sales charge basis to investors. DundeeWealth is then entitled to receive from the investor a fee on redemption of these products if these products are redeemed within a certain period.

Deferred sales commissions are capitalized and recorded at cost. The asset is amortized on a straight-line basis over a five year period, which represents the period during which commissions are generally recovered from management fee revenues. The carrying value of deferred sales commissions is tested for impairment at least annually and is written down to the extent that the carrying value exceeds the expected future revenue on an undiscounted basis.

Capital, Real Estate and Other Assets

Capital and Other Assets

Capital assets are recorded at cost, net of accumulated amortization, and are amortized on a straight-line or declining-balance basis. Annual amortization rates adopted by the Company range from 8% to 40%. Leasehold improvements are amortized on a straight-line basis over the period of the lease.

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

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

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

Real Estate Assets

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

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

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

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

Oil and Gas Expenditures
The Company follows the full-cost method of accounting for exploration and development expenditures whereby all costs related to the exploration for and development of oil and natural gas reserves, including asset retirement costs, are accumulated in separate country-by-country cost centres. Costs include lease acquisition, geological and geophysical expenditures, carrying costs of non-productive properties, the drilling of productive and non-productive wells and related plant and production equipment costs, and that portion of general and administrative expenses and interest directly attributable to exploration and development activities. Proceeds received from the disposal of properties are normally deducted from the full-cost pool without recognition of a gain or loss. When such a disposal would alter the depletion and depreciation rate by more than 20 percent, a gain or loss would be recognized.

Pre-development Costs
A subsidiary of Eurogas is currently in the exploratory stage of its drilling programs in Tunisia and capitalizes all costs associated with these programs. The recovery of recorded costs is contingent upon the existence of economically recoverable reserves and future profitable production.

Goodwill and Other Intangible Assets
Goodwill represents the excess of the purchase price paid on acquisitions over the fair value assigned to identifiable net assets, including identifiable intangible assets. Goodwill is not amortized but assessed for impairment annually and more frequently if events or changes in circumstances indicate that there may be an impairment. Goodwill impairment testing is a two step process. Goodwill is first allocated to reporting units. If the fair value of the reporting unit exceeds its carrying value including goodwill, no further testing is performed. If the fair value of the reporting unit is less than its carrying value, the second step is performed to compare the carrying value of the goodwill to its fair value to quantify the amount of impairment, if any. The fair value used in these goodwill impairment assessments is generally based on an income approach where estimated future cash flows are discounted to arrive at a single present value amount. The Company also utilizes a market approach in its goodwill impairment assessments to provide a secondary fair value by comparing this single point estimate with comparable company and transaction multiples. The most sensitive assumptions in these approaches include

the estimate of cash flows and the determination of the weighted average cost of capital, which is used as the discount rate to determine present value. In assessing market data, judgment is required in determining whether recent transactions are comparable to the Company's reporting unit in nature, scope and size.

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

Intangible assets identified as institutional management contracts, funds under administration and client relationships are considered definite life intangible assets and are amortized on a straight-line basis over ten years, 15 years and five years, respectively. Definite life intangible assets are tested for impairment when an event or change in circumstances indicates that the carrying value may not be recoverable. In estimating the fair value of definite life intangible assets, the Company uses valuation techniques based on undiscounted cash flow projections.

Any impairment in goodwill and other intangible assets is recorded in earnings in the period in which the impairment is identified.

Preference Shares
The Company classifies its preference shares and preference shares of DundeeWealth as financial liabilities for reporting purposes given that the preference shares may be convertible into a variable number of the Company's or DundeeWealth's common shares, respectively, or may be redeemed at or after a particular date for a fixed or determinable amount.

Issue costs related to the preference shares are netted against the liability and recorded at amortized cost using the effective interest method. These issue costs are recorded in interest expense in the consolidated statements of operations.

Revenue Recognition

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

Redemption fees paid by unitholders of mutual funds purchased on a deferred sales charge basis, the sales commissions of which have been financed by DundeeWealth, are recognized as revenue on the settlement date of the redemption of the applicable mutual fund units.

Securities transactions and related commission revenues are recorded in the consolidated financial statements on a trade-date basis. Interest earned from or paid to client accounts and from trading securities owned or sold short is recognized on a net accrual basis as earned and has been included in financial services revenue.

Securities owned and securities sold short are classified as part of the trading portfolio. Both realized and unrealized gains and losses from trading securities owned and securities sold short are included in the determination of net earnings.

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

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

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

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

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

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

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

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

The Company uses the fair value based method to account for stock based compensation granted to directors, financial advisors and employees. The value of stock based compensation, as at the date of grant, including awards under the Company's share incentive plan or the share incentive plans of its subsidiaries, is recognized over the applicable vesting period as compensation expense, generally with a corresponding increase in contributed surplus. When stock options are exercised, the proceeds received, together with the amount in contributed surplus, are added to common share capital. No expense is recognized for stock options granted before January 1, 2003. At the time these options are exercised, the amount received is recorded as common share capital.

The Company's contributions under its employee share purchase plan, and the employee and advisor share purchase plans of its subsidiaries, are expensed as incurred.

DundeeWealth has established a share loan plan for employees to purchase common shares of DundeeWealth. Compensatory amounts in respect of DundeeWealth's share loan plan are amortized on a straight-line basis over the three-year vesting period.

The Company does not factor in an estimated forfeiture rate for stock based compensation arrangements, but instead, adjusts for actual forfeitures as a change in estimate as they occur.

Income Taxes

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

Contingent Losses

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

Earnings per Share

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

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

Assets Under Management

AUM represent the period-end market value of client assets DundeeWealth manages on a discretionary basis and in respect of which DundeeWealth earns management fees and, in certain cases, performance fees. AUM are not reflected on the consolidated balance sheet.

Reclassification of 2007 Amounts

Certain balances in the consolidated financial statements for the comparative year ended December 31, 2007 have been reclassified to conform to the presentation adopted for 2008.

2. CHANGES IN ACCOUNTING POLICIES

Financial Instruments and Capital Disclosures

On January 1, 2008, the Company adopted the provisions of CICA handbook sections 3862 "*Financial Instruments – Disclosures*", 3863 "*Financial Instruments – Presentation*" and 1535 "*Capital Disclosures*".

The new standards include enhanced disclosure requirements on the nature and extent of risks arising from financial instruments and how the Company manages those risks. In addition, section 1535 requires qualitative and quantitative disclosures that enable users of the financial statements to evaluate the Company's objectives, policies and processes for managing capital. The impact of these standards is disclosed in notes 22 and 23 of these consolidated financial statements.

Inventories

On January 1, 2008, the Company adopted the provisions of CICA handbook section 3031 "*Inventories*." The new standard provides guidance on the determination of the cost of real estate inventory and its subsequent recognition as an expense, including any write-down to net realizable value. The standard also provides guidance on the cost formula used to assign costs to real estate inventories. The Company's previous accounting policy in respect of costs of real estate inventory was generally consistent with the requirements of the new standard, with the exception of the capitalizing of certain overhead and selling and marketing costs. As a result of implementing the new standard, the Company recognized an adjustment of $4,480,000 as a reduction to opening retained earnings, with a corresponding decrease in "capital, real estate and other assets", net of future income tax liabilities in respect thereof. The opening retained earnings adjustment was net of non-controlling interest of $1,353,000. Overhead and selling and marketing costs of $4,313,000 were expensed during 2008 as a result of the implementation of these new standards.

Reclassification of Financial Assets

In October 2008, the CICA Accounting Standards Board ("AcSB") issued amendments to CICA handbook sections 3855 "*Financial Instruments – Recognition and Measurement*", 3861 "*Financial Instruments – Disclosure and Presentation*" and 3862 "*Financial Instruments – Disclosures*". These amendments, which were made with the intention of providing consistency between Canadian GAAP and International Financial Reporting Standards ("IFRS"), provide Canadian companies with the ability to reclassify financial assets out of the held-for-trading and AFS categories in certain circumstances. The reclassification of financial assets designated as held-for-trading is only permitted in rare circumstances. The ability to reclassify financial assets designated as AFS is only permitted if the financial assets would have met the definition of loans and receivables at the time of acquisition and if the Company has the intention and ability, at the time of the reclassification, to hold the financial assets for the foreseeable future or until maturity.

The Company has considered the impact of these amendments, specifically in respect of its investments in ABCP and CLOs. The amendments do not permit a reclassification of ABCP and CLOs as these products do not meet the definition of a loan or receivable pursuant to section 3855. There are no other significant impacts resulting from these amendments.

3. BUSINESS COMBINATIONS, DISPOSITIONS AND REORGANIZATIONS

Transactions Completed in 2008

Wealth Management

Acquisition of Aurion Capital Management Inc. ("Aurion")

In July 2008, DundeeWealth entered into a share purchase agreement to acquire 60% of Aurion, a Canadian institutional money manager. The aggregate purchase price was $26,078,000 including cash of $6,450,000, 1,417,582 common shares of DundeeWealth with a value of $19,350,000, and transaction costs of $278,000. The remaining 40% of Aurion is held by the key employees of Aurion and is subject to the terms of a shareholders' agreement.

Approximately 35% of the cash and common shares of DundeeWealth issued as consideration for the purchase were placed into escrow, to be released on the third anniversary date of the acquisition, contingent on the retention of certain key employees and AUM of Aurion.

Acquisition of BHR Fund Advisors, L.P. ("BHR")

In July 2008, DundeeWealth entered into a partnership interest purchase agreement to acquire 89% of BHR, a U.S. based mutual fund manager and distribution platform. The aggregate purchase price was US$3,217,000 of which US$2,217,000 was paid in cash at closing. DundeeWealth has withheld US$1,000,000 of the aggregate purchase price to be released on or prior to June 30, 2009, contingent on the AUM of BHR achieving certain thresholds. Transaction costs in respect of this acquisition were $203,000.

Allocation of the Purchase Price of Aurion and BHR

The purchase price, net of contingent consideration, is being assigned to the assets and liabilities acquired based on their estimated fair values. When the outcome of the contingency is resolved, contingent consideration recognized, if any, will be allocated to goodwill and other intangible assets. Institutional management contracts acquired are being amortized over their estimated life of ten years.

	Aurion	**BHR**	**Total**
Net assets acquired			
Institutional management contracts	$16,417	$-	$16,417
Other assets, net of liabilities	510	(172)	338
Future income tax liabilities	(4,937)	-	(4,937)
	$11,990	$(172)	$11,818
Aggregate purchase price			
Cash	$6,450	$3,276	$9,726
Common shares of DundeeWealth	19,350	-	19,350
Transaction costs	278	203	481
Less: Contingent consideration	(9,030)	(1,018)	(10,048)
	$17,048	$2,461	$19,509
Excess of the purchase price over net assets acquired assigned to goodwill	**$5,058**	**$2,633**	**$7,691**

Disposition of Quebec-based Mutual Fund Dealer and Insurance Distribution Operations

On December 31, 2008, DundeeWealth disposed of certain mutual fund dealers and its insurance network of financial advisors registered in the province of Quebec to Industrial Alliance Insurance and Financial Services Inc. ("Industrial"), for cash consideration of $12,734,000. These financial advisors were part of DundeeWealth's brokerage segment. The disposition resulted in a loss of $17,679,000.

Assets disposed of:	
Cash	$1,182
Goodwill and other intangible assets	28,874
Other assets	357
	30,413
Proceeds of disposition	12,734
Loss on sale	**$(17,679)**

Step Acquisition of DundeeWealth

In 2008, the Company purchased 5,450,571 common shares of DundeeWealth for cash of $72,315,000 and DundeeWealth paid cash of $22,805,000 to purchase and cancel 2,057,600 common shares pursuant to its normal course issuer bid. These transactions resulted in a 3.7% increase in the Company's interest in DundeeWealth. This increase in ownership has been accounted for as a step acquisition in DundeeWealth, with the aggregate purchase price allocated to the fair value of the assets acquired. The amount allocated to investment management contracts was included in "*Goodwill and other intangible assets*." The investment management contracts have an indefinite life and are therefore not subject to amortization.

Net assets acquired	
Investment management contracts	$77,619
Other net assets	23,262
Future income tax liabilities	(22,012)
	$78,869
Aggregate purchase price	
Cash	$71,497
Cash attributed to non-controlling interest	7,372
	$78,869

DundeeWealth may, from time to time, issue shares in accordance with its share incentive arrangements (note 19) or pursuant to business acquisitions, or otherwise. These transactions may create a dilution in the Company's interest in DundeeWealth. During 2008, the Company recognized dilution gains of $6,297,000 in respect of these dilutions.

Real Estate

Dilution of Interest in Dundee Realty Corporation

In June 2008, the non-controlling shareholder of Dundee Realty exercised an option to acquire an additional 1.5% interest in Dundee Realty for $1,783,000. During 2008, the Company recognized a dilution loss of $435,000 in respect of its investment in Dundee Realty.

Resources

Partial Disposition of Eurogas Corporation's Interest in Escal UGS S.L. ("Escal")

In December 2007, Eurogas entered into agreements with ACS Servicios Comunicaciones y Energia, S.L. ("ACS") (the "ACS Transaction"), a Spanish construction group, pursuant to which ACS increased its ownership in Escal from 5% to 66.67%. Correspondingly, Castor UGS Limited Partnership ("CLP"), of which Eurogas is a 73.7% owner, reduced its ownership in Escal from approximately 95% to 33.33%. The terms of the ACS Transaction were subject to the granting of a development concession by the Spanish authorities in respect of CLP's natural gas storage project. The development concession was received on May 16, 2008 and in accordance with Canadian GAAP, the results and balances of Escal have been deconsolidated and Eurogas' interest in Escal is shown as an equity accounted investment in the books of the Company, effective May 16, 2008. The Company recorded a dilution loss of $4,990,000 in respect of this transaction.

The ACS Transaction also provided for the repayment to CLP of certain amounts previously invested in the natural gas storage project. Amounts due from Escal immediately following the ACS Transaction were approximately $43,347,000 (€27,894,000). During 2008, CLP received payments against the loan of approximately $41,055,000 (€25,683,000). At December 31, 2008, the loan amount due from Escal had a principal amount of $3,197,000 (€1,876,000) and was included in "*Accounts receivable*."

Step Acquisition of Eurogas

On April 24, 2008, Eurogas completed a rights offering pursuant to which it raised $29,386,000, net of issue costs of $823,000. The Company's participation in the rights offering was $19,306,000 and resulted in an increase to the Company's ownership in Eurogas from 50.8% to 53.4%. This increase in ownership has been accounted for as a step acquisition in Eurogas, with the aggregate purchase price allocated to the fair value of the assets acquired. The allocation of the purchase price to fair values resulted in a fair value increment of $1,208,000 to oil and gas properties which has been included in "*Capital, real estate and other asset*s." As the amount is attributed to Eurogas' development operations in Tunisia, it is not currently subject to amortization.

From time to time, Eurogas may issue shares pursuant to stock options or otherwise which result in the dilution of the Company's interest in Eurogas. During 2008, the Company recognized dilution losses of $294,000 in respect of these transactions.

Reorganization of Eurogas

On August 5, 2008, Eurogas exchanged its common shares in EII for preferred shares and new common shares of EII. The new common shares were then immediately distributed to all of Eurogas' common shareholders. Each common shareholder of Eurogas received one new common share of EII for every five Eurogas shares held. As a result of this transaction, the Company received a 53% interest in EII and the Company will therefore continue to consolidate the assets and liabilities and the results of operations of EII.

Transactions Completed in 2007

Wealth Management

Disposition of Dundee Bank of Canada ("Dundee Bank")

On September 28, 2007, DundeeWealth completed the sale of its wholly owned subsidiary, Dundee Bank for $260,000,000 in cash. Concurrent with this sale, DundeeWealth entered into a separate agreement pursuant to which it issued 300,000 common shares and 27,000,000 Special Shares, Series F from its treasury for aggregate proceeds of $348,348,000. Also in connection with the sale of Dundee Bank, DundeeWealth entered into a service agreement under which "white label" banking services are made available to support its distribution of certain products through independent financial advisors across Canada.

Disposition of DFG Investment Advisers, Inc. ("DFG")

On December 31, 2007, DundeeWealth disposed of 90% of its interest in DFG, its New York based structured credit subsidiary, to certain executives who subsequently resigned their position with DundeeWealth to continue their executive functions at DFG. DundeeWealth entered into a services agreement with DFG pursuant to which in 2007 it funded certain costs of $3,000,000, which were included in discontinued operations. In addition, DFG will continue to manage DundeeWealth's investments in CLOs (note 6) for a two-year period commencing on January 1, 2008.

Operations Classified as Discontinued

The Company determined that the operations and cash flows from Dundee Bank and DFG had been substantially eliminated from its ongoing operations and that it will not have any significant continuing involvement. Accordingly, the financial position and operating results of the above entities were classified as discontinued operations in the consolidated balance sheet and consolidated statement of operations of the Company as at and for the year ended December 31, 2007.

	DFG
ASSETS	
Cash and cash equivalents	$2,100
Accounts receivable	863
Capital and other assets	324
Assets of discontinued operations	**$3,287**
LIABILITIES	
Accounts payable and accrued liabilities	$2,395
Liabilities of discontinued operations	**$2,395**

Composition of loss from discontinued operations for the year ended December 31, 2007

	Dundee Bank	DFG	Total
Revenues	$26,220	$ -	$26,220
Expenses	(32,548)	(8,945)	(41,493)
Impairment charge on available-for-sale securities	(57,600)	-	(57,600)
Income taxes	23,647	368	24,015
Realization of loss in comprehensive income, net of taxes	(94,539)	-	(94,539)
Loss on sale	(143)	-	(143)
Non-controlling interest	59,210	4,515	63,725
NET LOSS FROM DISCONTINUED OPERATIONS	$(75,753)	$ (4,062)	$(79,815)

Acquisition of DundeeWealth S.A.

In June 2007, a subsidiary of DundeeWealth acquired DundeeWealth S.A. (formerly DF Investments S.A. and VMR Fund Management SA), a fund management company with AUM of approximately $69,000,000. The aggregate cash purchase price was $1,319,000, of which $218,000 was allocated to the cost of the investment management contracts and $980,000 was recorded as goodwill. The investment management contracts were subsequently disposed of in 2008.

Step Acquisition in DWM Inc. ("DWM") by DundeeWealth

In February 2007, DundeeWealth purchased the 16.3% non-controlling interest in its subsidiary, DWM previously held by Caisse de dépôt et placement du Québec ("CDP") and DWM became a wholly-owned subsidiary of DundeeWealth. DundeeWealth accounted for the transaction as a step acquisition of DundeeWealth's interest in DWM and the aggregate purchase price, after elimination of the non-controlling interest, was allocated to net assets acquired based on their estimated fair value on the date of acquisition.

The aggregate purchase price was $330,995,000, being the sum of the $154,500,000 cash paid to the non-controlling shareholder, the value of the 11,000,000 common shares of DundeeWealth issued to the non-controlling shareholder and transaction costs of $605,000. The purchase price, as detailed in the following table, was assigned to the assets and liabilities acquired. The investment management contracts have an indefinite life and are therefore not subject to amortization.

Net assets acquired	
Investment management contracts	$203,150
Other net assets	129,275
Future income tax liabilities	(67,040)
	$265,385
Aggregate purchase price	
Cash	$154,500
Common shares of DundeeWealth	175,890
Transaction costs	605
	$330,995
Excess of the purchase price over net assets acquired assigned to goodwill	**$65,610**

Real Estate

Disposition of Portfolio Assets of Dundee REIT to GE Real Estate
On August 24, 2007, Dundee REIT completed the sale of certain properties (the "Eastern Portfolio") to GE Real Estate ("GE") for aggregate consideration of $2.3 billion. Dundee REIT continued to own a portfolio of office and industrial properties, primarily in western Canada (the "Western Portfolio"). On closing, Dundee REIT received cash of approximately $1.5 billion, which was subsequently utilized to redeem approximately 29.9 million Dundee REIT units. In connection with the transaction, GE acquired approximately 3.5 million Dundee REIT units, giving GE an approximate 16% interest in Dundee REIT.

The Company accounts for its investment in Dundee REIT on an equity basis. The Company elected to tender 3,873,594 Dundee REIT units pursuant to the transaction for which the Company received cash proceeds of $183,996,000. As the Company tendered less than its proportionate share of Dundee REIT units relative to other unitholders, the Company's interest in Dundee REIT increased from approximately 15% immediately prior to the transaction to approximately 18% immediately thereafter. As the redemption of units resulted in the Company increasing its ownership interest in Dundee REIT, the aggregate redemption proceeds were applied against the carrying value of the Company's investment in Dundee REIT. The Company maintains the right to appoint the majority of the board of trustees of Dundee REIT, less one member, while it owns at least 2 million units. At December 31, 2007, the Company held a 17% interest in Dundee REIT.

The results of operations in respect of properties sold pursuant to the transaction with GE have been identified by Dundee REIT as discontinued operations and have been reported separately. In accordance with accounting requirements, during 2007, the Company recognized its share of the earnings of discontinued operations amounting to $95,909,000.

Dilution Gains Resulting from Equity Transactions in Subsidiaries

Wealth Management
During 2007, DundeeWealth completed several equity issuances, including the issuance of shares pursuant to the step acquisition in DWM and concurrent with the sale of Dundee Bank. As a result of these transactions and other issuances of common shares of DundeeWealth pursuant to its share incentive arrangements or otherwise, the Company's interest in the carrying value of DundeeWealth's net assets was diluted. In accordance with Canadian GAAP, the Company was considered to have disposed of approximately 28% of its interest in DundeeWealth, resulting in a dilution gain of $135,448,000, which was recognized in fiscal 2007.

Real Estate
During 2007, the non-controlling shareholder of Dundee Realty exercised its option to acquire an additional 1.3% interest in Dundee Realty for $1,783,000. During 2007, the Company recognized dilution gains of $349,000 in respect of the equity issuances by Dundee Realty.

Resources
During 2007, the Company recognized other dilution gains of $794,000 in connection with equity issuances in its resources segment.

4. CLIENT ACCOUNTS RECEIVABLE

	2008	2007
Client accounts	$232,563	$293,497
Brokers' and dealers' balances	55,056	62,087
Securities borrowed	101,663	53,194
	$389,282	**$408,778**

DundeeWealth has obtained securities with a market value of $101,537,000 (2007 – $53,386,000) as collateral for the securities borrowed.

5. TRADING SECURITIES OWNED AND SECURITIES SOLD SHORT

	2008		2007	
	Trading Securities Owned	Securities Sold Short	Trading Securities Owned	Securities Sold Short
Bonds	$142,333	$39,925	$207,065	$103,009
Equities and convertible debentures	19,549	4,026	56,878	3,512
	$161,882	**$43,951**	**$263,943**	**$106,521**

Bonds include $75,549,000 in guaranteed investment certificates and discounted notes held by the resources segment. These amounts have been deposited with a Canadian Schedule I Chartered Bank. Bond maturities range from 2009 to 2052 (2007 – from 2008 to 2053) and have annual interest yields ranging from 0% to 12.5% (2007 – 0% to 12.5%).

From time to time, DundeeWealth's brokerage subsidiary may sell securities that it does not own and will therefore be obligated to purchase such securities at a future date. The subsidiary may incur a loss if the market value of these securities subsequently increases.

6. AVAILABLE-FOR-SALE SECURITIES

	2008		2007	
	Cost	Fair Value	Cost	Fair Value
Asset-backed commercial paper (note 22)	$169,478	$169,478	$283,305	$283,305
Mutual funds managed by a subsidiary	91,719	68,194	167,199	171,779
Collateralized loan obligations and other structured products (note 22)	16,645	16,645	116,606	86,589
Other portfolio investments	56,779	40,413	81,958	103,508
	$334,621	**$294,730**	**$649,068**	**$645,181**

During 2008, the Company recognized an other-than-temporary impairment of $113,827,000 in its ABCP investments, $99,961,000 in its CLO investments and $57,310,000 in its other portfolio investments.

7. EQUITY ACCOUNTED INVESTMENTS

Details of the Company's ownership and carrying values of its equity accounted investments are included in the following table. The aggregate fair value of the Company's equity accounted investments as at December 31, 2008 was $106,027,000 (2007 – $413,919,000).

	2008		2007	
	Ownership	Carrying Value	Ownership	Carrying Value
Breakwater Resources Ltd.	25 %	$13,560	25 %	$83,523
Dundee Precious Metals Inc.	20 %	37,952	20 %	96,146
Dundee Real Estate Investment Trust	21 %	96,337	17 %	95,056
Escal UGS S.L. (note 3)	33 %	5,975		-
Odyssey Resources Limited	43 %	2,842		-
Other		3,673		14,316
		$160,339		**$289,041**

As at December 31, 2008, the Company assessed its equity accounted investments for impairment that was other-than-temporary in nature. The Company reviewed all equity accounted investments where fair values were significantly below original cost, and where such amounts were subject to an ongoing decline that had been consistent over a prolonged period. As a result of this impairment assessment, during the fourth quarter of 2008, the Company recorded a total fair value adjustment amount of $114,194,000 against the carrying value of its equity-accounted investments.

Transactions During the Year

Breakwater Resources Ltd. ("Breakwater")
In March 2007, the Company exercised an aggregate of 30,801,410 warrants to acquire the same number of common shares of Breakwater at $0.20 per share for a total cost of approximately $6,160,000. As a result of the transaction, the Company's interest in Breakwater increased by approximately 6% from 18% to 24%.

On December 31, 2007, the Company acquired 6,122,449 flow-through common shares of Breakwater at $1.96 per share for total consideration of $12,000,000. Following this transaction, the Company's interest in Breakwater increased by approximately 1% from 24% to 25% as at December 31, 2007.

During 2008, the Company acquired 5,000,000 shares of Breakwater at a cost of $2,915,000. The Company's interest in Breakwater remained at 25% as at December 31, 2008.

The Company accounted for each individual transaction as a step acquisition of an equity accounted investee, with the aggregate purchase price allocated to Breakwater's underlying assets at their estimated fair value. The net amounts assigned to identifiable net assets exceeded the cost of the purchases by approximately $464,000 and $10,905,000 in 2008 and 2007 respectively. The excess has been allocated on a pro-rata basis to the underlying mining properties and other non-current assets of Breakwater.

Dundee Precious Metals Inc. ("Dundee Precious")
During 2007, the Company purchased 225,000 flow-through common shares of Dundee Precious at an aggregate cost of $2,756,000 and acquired 1,051,000 special units of Dundee Precious at an aggregate cost of $11,036,000. Each special unit purchased consists of one common share of Dundee Precious plus one-half of a common share purchase warrant of Dundee Precious. Each full warrant entitles the holder to acquire a common share of Dundee Precious at $15.00 per share for a period of five years from the date of issue. Dundee Precious also completed an additional financing during 2007, in which the Company chose not to participate.

As a result of the above transactions, the Company's interest in Dundee Precious decreased marginally to 20%. The Company accounted for this transaction as a partial disposition of its interest in Dundee Precious and recognized a dilution gain of $765,000, which has been included in equity earnings in fiscal 2007.

During the fourth quarter of 2008, the Company acquired 6,800,000 shares and 3,400,000 warrants of Dundee Precious at a cost of $15,300,000. Each full warrant entitles the holder to acquire a common share of Dundee Precious at $3.25 per share for a period of seven years from the date of issue.

Dundee Real Estate Investment Trust
During 2008, the Company acquired 460,000 Dundee REIT Units Series B at a cost of $3,841,000. Following the transaction, Dundee Corporation and its affiliates held an aggregate 20.7 % voting and equity interest in Dundee REIT. The Company accounted for the transaction as a step acquisition of its interest in Dundee REIT, with the aggregate purchase price allocated to Dundee REIT's underlying assets at their estimated fair value. The net amounts assigned to identifiable net assets exceeded the cost of the purchase by approximately $4,458,000. The excess has been allocated on a pro-rata basis to the underlying non-current assets of Dundee REIT.

Units Held in Escrow
The Company's investment in Dundee REIT is partially held through limited partnership units of Dundee Properties Limited Partnership ("DPLP"). The limited partnership units are convertible, at the Company's option, into publicly traded Dundee REIT units on a one-for-one basis. The Company has placed sufficient units of DPLP into escrow to meet its potential obligation to deliver up to a maximum of 321,000 units pursuant to the exchange feature of its outstanding exchangeable debentures (note 13).

Units Tendered in Settlement of Exchangeable Debentures
During fiscal 2008, the Company delivered 12,669 units to settle $377,000 of par value Exchangeable Debentures. In 2007, 1,863,594 Dundee REIT units were delivered to settle $55,443,000 of par value Exchangeable Debentures. The Company recognized an associated gain on disposition of the Dundee REIT units of $50,000 and $21,118,000 in 2008 and 2007, respectively, which has been included in other investment income (note 17).

Odyssey Resources Limited ("Odyssey")

In the third quarter of 2008, Dundee Corporation acquired 10,000,000 shares of Odyssey for $2,500,000, increasing its ownership interest to 43%. As a result, effective August 8, 2008, Odyssey has been transferred from AFS securities to equity accounted investments, and the Company began to account for its investment on an equity basis.

8. DEFERRED SALES COMMISSIONS

	2008	2007
Deferred sales commissions, beginning of year	$207,005	$173,802
Commissions funded during the year	108,890	100,711
Amortization during the year	(81,868)	(67,508)
Deferred sales commissions, end of year	**$234,027**	**$207,005**

9. CAPITAL, REAL ESTATE AND OTHER ASSETS

			2008	2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Real estate assets	$463,302	$ 17,076	$446,226	$406,685
Oil and gas properties	19,020	731	18,289	84,502
Capital and other assets	148,955	87,214	61,741	68,416
	$631,277	**$ 105,021**	**$526,256**	**$559,603**

Real Estate Assets by Type

	2008	2007
Land under development	$125,298	$81,218
Land held for development	160,048	153,905
Housing and condominiums	96,929	125,824
Revenue properties	63,951	45,738
	$446,226	**$406,685**

Oil & Gas Properties by Geographic Area

	2008	2007
Spain	$-	$58,464
Tunisia	17,825	25,548
Other	464	490
	$18,289	**$84,502**

10. GOODWILL AND OTHER INTANGIBLE ASSETS

In 2008, DundeeWealth acquired Aurion and BHR, which resulted in an increase of $7,691,000 in goodwill and $16,417,000 in institutional management contracts. The disposition of DundeeWealth's Quebec-based mutual fund dealer and insurance distribution operations included a disposition of $25,314,000 in goodwill and $3,560,000 in funds under administration. As a result of step purchases of DundeeWealth made during the year, $62,021,000 was allocated to investment management contracts. Details of these transactions are disclosed in note 3.

			2008	2007
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Goodwill	$375,967	$ -	$375,967	$411,828
Indefinite life intangible assets				
Investment management contracts	336,548	-	336,548	274,745
Definite life intangible assets				
Institutional management contracts	16,417	821	15,596	-
Funds under administration	15,795	6,335	9,460	14,322
Customer relationships	6,651	3,438	3,213	4,544
	$751,378	**$ 10,594**	**$740,784**	**$705,439**

Goodwill and investment management contracts are not amortized but are tested for impairment at least annually, on September 30 of each year. On December 31, 2008, as a result of the recent declines in equity markets, the Company completed additional impairment testing on goodwill and investment management contracts and determined that no impairment existed.

During 2007, DundeeWealth reviewed the value of goodwill assigned to its international banking activities and determined that an impairment in value existed. As a result, a goodwill impairment loss of $2,426,000 was charged to the consolidated statement of operations.

11. BANK INDEBTEDNESS

At December 31, 2008, DundeeWealth's brokerage subsidiary had borrowed $nil (2007 – $43,125,000) pursuant to credit facilities provided by two Canadian chartered banks. During the year, the interest rate on these facilities ranged from 2.75% to 5.00% on Canadian funds (2007 – 5.00% to 5.25%) and from 2.6% to 5.25% on U.S. funds (2007 – 5.25% to 5.75%).

From time to time, and to facilitate the securities settlement process for both client and principal securities transactions, DundeeWealth's brokerage subsidiary may utilize call loans, of which $93,300,000 in facilities was available at December 31, 2008. The use of call loans is customary to facilitate the securities settlement process or to fund margin lending and these loans are collateralized by securities.

12. CLIENT DEPOSITS AND RELATED LIABILITIES

	2008	2007
Client accounts	$356,898	$268,027
Brokers' and dealers' balances	35,061	135,090
Securities loaned	7,629	15,180
International banking client accounts	9,059	5,023
	$408,647	**$423,320**

DundeeWealth has pledged securities with a fair value of $7,610,000 (2007 – $14,942,000) as collateral for the cash deposited on loan.

13. CORPORATE DEBT

	2008	2007
Corporate		
$ 150 million revolving term credit facility due September 9, 2009	$81,960	$5,737
$ 9.5 million, 5.85% exchangeable unsecured subordinated debentures due June 30, 2015	9,168	10,809
Subsidiaries		
$ 500 million revolving term credit facility, DundeeWealth due September 9, 2009	169,606	127,655
$ 150 million revolving term credit facility, Dundee Realty due November 30, 2009	85,408	59,047
Other real estate debt	183,365	152,466
	$529,507	**$355,714**

$150,000,000 – Revolving Term Credit Facility, Corporate

The Company renewed its revolving term credit facility with a Canadian chartered bank, extending the expiry date to September 9, 2009, subject to certain amendments. The facility provides for a tiered interest rate structure based on the Company's public debt rating. Based on the Company's current debt rating, draws on the credit facility bear interest, at the Company's option, at either the bank's prime lending rate plus 0.25% for loans or, for bankers' acceptances at the bank's then prevailing bankers' acceptance rate plus 1.25%. The Company is subject to a standby fee of 0.375% on unused amounts under the facility.

As at December 31, 2008, the Company had borrowed $81,960,000 (2007 – $5,737,000) pursuant to its revolving term credit facility.

The facility is subject to certain covenants, including maintenance of minimum levels of assets, restrictions on the existence of secured indebtedness, restrictions on the redemption, purchase or repayment of the Exchangeable Debentures and restrictions on the prepayment and payment of interest on the Exchangeable Debentures.

Interest expense relating to this revolving term credit facility was $1,633,000 (2007 – $4,514,000).

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

On June 22, 2005, the Company issued 100,000 exchangeable unsecured subordinated debentures with a par value of $1,000 for aggregate proceeds of $100,000,000 (the "Exchangeable Debentures"). 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 units of DPLP into escrow in order to satisfy the exchange feature, each unit of which is convertible into a Dundee REIT unit on a one-for-one basis. The Company is entitled to all voting rights and related privileges and is entitled to all distributions and rights of reinvestment of such distributions associated with the units held in escrow.

The carrying value of the Exchangeable Debentures is adjusted in the consolidated financial statements to reflect the market value of the underlying Dundee REIT units, provided that such adjustment does not result in a carrying value that is below the principal value of the Exchangeable Debentures outstanding. The market value is determined based on the quoted market value of the Dundee REIT units at each period end. Any change in the carrying value of the Exchangeable Debentures resulting from such market value adjustments will be recorded in consolidated net earnings, even though the Company would continue to hold the offsetting Dundee REIT investment. During 2008, the Company recognized a gain of $1,314,000 (2007 – $18,237,000), representing the reversal of previous periods' market value adjustments.

During 2008, $377,000 par value of Exchangeable Debentures were surrendered for exchange in accordance with their terms (2007 – $55,443,000).

$500,000,000 – Revolving Term Credit Facility, DundeeWealth
DundeeWealth renewed its revolving term credit facility with a Canadian chartered bank, extending the expiry date to September 9, 2009. If the facility is not renewed at the expiry date, it will convert into a four-year term loan and any amounts borrowed as at the date of expiry will be due four years after the scheduled expiry date. For Canadian dollar borrowings, the facility bears interest, at DundeeWealth's option, at a rate per annum equal to either the bank's prime lending rate for loans or, for bankers' acceptances at the bank's then prevailing bankers' acceptance rate plus 0.95%. For U.S. dollar borrowings, the facility bears interest, at DundeeWealth's option, either at the bank's prevailing Alternate Base Rate Canada for loans, or at LIBOR plus 0.95%. Euro borrowings under the credit facility bear interest at EURIBOR plus 0.95%. Unused amounts available under the facility are subject to a standby fee of 0.325% per annum.

The credit facility is secured by a general security agreement over all the assets of DundeeWealth and certain of its subsidiaries. At December 31, 2008, DundeeWealth had drawn $169,606,000 against this facility.

The facility is subject to certain covenants, including maintenance of minimum levels of AUM and earnings before interest, income taxes and depreciation and amortization, restrictions on the existence of secured indebtedness and restrictions on the disposition of assets in excess of a specified amount by certain subsidiaries.

Interest expense relating to this revolving term credit facility was $5,585,000 (2007 – $4,620,000).

$150,000,000 Revolving Term Credit Facility, Dundee Realty
Dundee Realty established a demand revolving term credit facility with a Canadian chartered bank, available up to a formula-based maximum not to exceed $150,000,000 (2007 - $100,000,000). The facility bears interest, at Dundee Realty's option, at a rate per annum equal to either the bank's prime lending rate plus 0.625% or at the bank's then prevailing bankers' acceptance rate plus 2.125%. The facility expires on November 30, 2009 and is secured by a general security agreement and a first charge against various assets in western Canada. At December 31, 2008, Dundee Realty had drawn $121,146,000 against this facility, including $35,738,000 in the form of letters of credit.

Interest expense relating to this revolving term credit facility was $3,985,000 (2007 – $3,694,000).

Other Real Estate Debt
Real estate debt is secured by charges on specific properties to which the debt relates. Mortgages, including land mortgages, are secured on specific properties. Housing advances are secured by charges on specific land and housing and condominiums under development or land held for development. Term debt is secured by charges on specific capital equipment. At December 31, 2008, the weighted average interest rate on fixed rate debt at Dundee Realty was 6.26% (2007 – 8.04%) and on variable rate debt, including in respect of its demand revolving term credit facilities, was 4.29% (2007 – 6.30%). Fixed rate debt matures between 2009 and 2017. Variable rate debt, including demand revolving term credit facilities, mature between 2009 and 2018.

14. PREFERENCE SHARES

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

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

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

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

Issued and Outstanding Preference Shares, First Series, Series 1

Issued and Outstanding Preference Shares, First Series, Series 1

	Number of Shares	Par Value	Issue Costs	Premium	Net Book Value
Balance as at December 31, 2006	6,000,000	$150,000	$(4,504)	$1,236	$146,732
Amortization during the year	-	-	474	(186)	288
Balance as at December 31, 2007	6,000,000	$150,000	$(4,030)	$1,050	$147,020
Amortization during the year	-	-	474	(123)	351
Balance as at December 31, 2008	**6,000,000**	**$150,000**	**$(3,556)**	**$927**	**$147,371**

On June 28, 2006, the Company issued 6,000,000 5.00% cumulative redeemable first preference shares, series 1 ("Series 1 Shares") at a price of $25.00 per Series 1 Share. The Series 1 Shares rank in priority to the Subordinate Shares and the Class B Shares of the Company as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Company. The Series 1 Shares entitle the holder to a fixed preferential cumulative dividend at the rate of 5.00% per annum, payable quarterly. The Series 1 Shares are generally non-voting, except in limited circumstances.

The Series 1 Shares may be redeemed, at the option of the Company, at any time after June 30, 2006 at a price per Series 1 Share which declines over time in accordance with the terms of the Series 1 Shares from $27.25 per Series 1 Share if such share is redeemed prior to June 30, 2007 to $25.00 per Series 1 Share if such share is redeemed after June 30, 2015 (the "Redemption Price Schedule").

The Company may elect to convert the Series 1 Shares to Subordinate Shares of the Company (the "Conversion Option") at any time after June 30, 2006, subject to regulatory approval. The Series 1 Shares will be converted on the basis of one Series 1 Share for that number of Subordinate Shares that is equal to the redemption price at the time of the conversion determined 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 does not currently intend to convert the Series 1 Shares.

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

The Company may, at any time, purchase the Series 1 Shares for cancellation, which purchase may occur in the open market, by private placement or otherwise.

Series 1 Shares are retractable by the holder at any time after June 30, 2016 for cash of $25.00 per Series 1 Share.

The Company has determined that the redemption feature available to the Company pursuant to the terms of the Series 1 Shares is an embedded derivative with a fair value on the date of issue of $1,236,000.

Series 1 Preference Shares, DundeeWealth
On March 13, 2007, and April 12, 2007, DundeeWealth issued 6,000,000 and 225,000 4.75% cumulative redeemable first preference shares, series 1 ("DundeeWealth Series 1 Shares"), respectively, at a price of $25.00 per DundeeWealth Series 1 Share. These shares entitle the holder to a fixed preferential cumulative dividend at the rate of 4.75% per annum, payable quarterly. The DundeeWealth Series 1 Shares are generally non-voting, except in limited circumstances.

These shares may be redeemed at the option of DundeeWealth, at any time after March 13, 2007 at a price per share which declines over time in accordance with the terms of the Series 1 Shares, from $27.25 per share if such share is redeemed prior to March 13, 2008 to $25.00 per share if such share is redeemed after March 13, 2016 (the "Redemption Price Schedule").

On redemption, DundeeWealth may convert the DundeeWealth Series 1 Shares to its common shares subject to regulatory approval. The DundeeWealth Series 1 Shares will be converted on the basis of one DundeeWealth Series 1 Share for that number of common shares that is equal to the redemption price at the time of the conversion determined in accordance with the Redemption Price Schedule divided by the current market price of DundeeWealth's common shares, determined in accordance with a formula. DundeeWealth does not intend to make such an election if these shares are redeemed.

Any redemption or conversion of the DundeeWealth Series 1 Shares prior to March 13, 2012 is limited to circumstances where such shares are entitled to vote separately as a class or series by law.

DundeeWealth may, at any time, purchase the DundeeWealth Series 1 Shares for cancellation, which purchase may occur in the open market, by private placement or otherwise. DundeeWealth Series 1 Shares are retractable by the holder at any time after March 13, 2017 for cash of $25.00 per share.

DundeeWealth has determined that the redemption feature available to it pursuant to the terms of the DundeeWealth Series 1 Shares is an embedded derivative with a fair value on the date of issue of $1,805,000.

15. SHARE CAPITAL

Authorized
The Company is authorized to issue an unlimited number of Subordinate Shares and an unlimited number of Class B Shares.

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

Stock Split
At the annual meeting of shareholders of the Company held on June 20, 2007, shareholders approved a three-for-one stock split of the Company's Subordinate Shares and Class B Shares. As a result, each holder of Subordinate Shares or Class B Shares of the Company on July 6, 2007 was issued two additional shares of the same class for each Subordinate Share or Class B Share held. The stock split did not alter the rights of such holders or the relative voting rights attached to each class of shares.

Issued and Outstanding

	SUBORDINATE SHARES		CLASS B SHARES		TOTAL	
	Number	Amount	Number	Amount	Number	Amount
Outstanding December 31, 2006	72,182,235	$281,679	3,120,987	$8,170	75,303,222	$289,849
Issued (redeemed) during the year December 31, 2007						
Issuance of shares under the share incentive plan	3,680	71	-	-	3,680	71
Options exercised	257,340	2,618	-	-	257,340	2,618
Conversion from Class B Shares to Subordinate Shares	585	2	(585)	(2)	-	-
Total Share Capital Outstanding December 31, 2007	72,443,840	$284,370	3,120,402	$8,168	75,564,242	$292,538
Issued (redeemed) during the year December 31, 2008						
Redeemed pursuant to issuer bid	(1,598,911)	(6,374)	-	-	(1,598,911)	(6,374)
Issuance of shares under the share incentive plan	19,245	166	-	-	19,245	166
Options exercised	275,000	2,068	-	-	275,000	2,068
Conversion from Class B Shares to Subordinate Shares	614	2	(614)	(2)	-	-
Total Share Capital Outstanding December 31, 2008	**71,139,788**	**$280,232**	**3,119,788**	**$8,166**	**74,259,576**	**$288,398**

Normal Course Issuer Bid

On March 28, 2008, the Company obtained approval from the TSX to purchase its Subordinate Shares in the market for cancellation pursuant to a renewed normal course issuer bid.

During 2008, the Company purchased 1,598,911 Subordinate Shares, having an aggregate stated capital value of $6,374,000 for cancellation pursuant to its normal course issuer bid. The Company paid $20,353,000 to retire these shares. The excess of the purchase price over the value of stated capital, which totalled $13,979,000, has been recorded as a reduction of retained earnings.

Share Purchase Plan

As part of its share incentive arrangements (note 19), the Company has established a share purchase plan pursuant to which eligible participants may contribute up to a specified maximum amount of their basic annual salary towards the purchase of Subordinate Shares of the Company, either from treasury or in the open market, at the discretion of the Company. The Company may match up to the full amount of each participant's contribution to the share purchase plan, such contribution to be used either to purchase Subordinate Shares in the open market or to issue additional Subordinate Shares from treasury for the benefit of the participant.

During 2008, the Company issued 19,245 (2007 – 3,680) Subordinate Shares from treasury pursuant to the share purchase plans. In addition, 8,708 (2007 – 3,616) Subordinate Shares were acquired in the market pursuant to these arrangements.

Compensation expense associated with the share purchase plans during 2008 was $121,000 (2007 – $71,000).

As at December 31, 2008, 1,980,000 Subordinate Shares were approved for issuance pursuant to the share purchase plan, of which 1,087,571 Subordinate Shares were issued since the plan's inception and 892,429 Subordinate Shares remain available for issuance from treasury to eligible participants.

Share Loans Receivable in DundeeWealth

DundeeWealth established a share loan plan pursuant to which key employees were provided with a loan from DundeeWealth to be applied by the key employees to purchase common shares of the company. The shares issued pursuant

to these arrangements are pledged as collateral against the loans. At December 31, 2008, the aggregate loan amount was $29,813,726 (2007 - $36,578,879).

The share loan plan features a one-time bonus equal to one third of the aggregate loan amount, which is payable by DundeeWealth following a three year vesting period, conditional on the retention of the key employee. During 2008, DundeeWealth recognized compensation expense of $3,065,000 (2007 - $2,643,000) in respect of these share loans.

The remainder of the loan is interest free for the first five years and thereafter is subject to interest at normal lending rates. As the terms of the loans receivable were not issued in accordance with prevailing arm's length market conditions and terms at the date of issue, DundeeWealth recorded these loans in its equity. Accordingly, in these consolidated financial statements, the share loans receivable have been included as part of non-controlling interest.

16. ACCUMULATED OTHER COMPREHENSIVE INCOME (LOSS)

	Net unrealized gains (loss), net of taxes					
	Available-for-Sale Securities	*Equity Accounted Investees*	*Foreign Currency Translation*	*Non-controlling Interest*	*Discontinued Operations*	*Total*
Transitional adjustment on adoption of accounting policy	$22,809	$8,365	$388	$ (3,379)	$ 280	$28,463
Transactions during the year ended December 31, 2007						
Other comprehensive loss	(20,154)	(10,234)	(9,160)	12,685	(280)	(27,143)
Outstanding December 31, 2007	2,655	(1,869)	(8,772)	9,306	-	1,320
Transactions during the year ended December 31, 2008						
Other comprehensive (loss) income	(32,141)	(1,174)	12,720	(3,908)	-	(24,503)
Outstanding December 31, 2008	**$(29,486)**	**$(3,043)**	**$3,948**	**$ 5,398**	**$ -**	**$(23,183)**

17. INVESTMENT INCOME AND INCOME FROM EQUITY ACCOUNTED INVESTEES

Investment Income

For the year ended December 31,	2008	2007
Interest, dividends and cash distributions	$ 22,614	$ 19,909
Realized investment (losses) gains	(1,415)	10,855
Other gains	50	22,079
	$ 21,249	**$ 52,843**

Share of Earnings From Equity Accounted Investees

For the year ended December 31,	2008	2007
Share of (losses) earnings	$ (37,236)	$ 14,962
Gains from dilutions of interest	1,546	14,970
	(35,690)	29,932
Fair value adjustment	(114,194)	-
Share of earnings of discontinued operations of Dundee REIT, net of tax	-	95,909
	$ (149,884)	**$ 125,841**

Share of earnings of discontinued operations of Dundee REIT represents the Company's share of earnings relating to the disposition of certain properties by Dundee REIT pursuant to a transaction between Dundee REIT and GE completed in August 2007 (note 3).

18. SELLING, GENERAL AND ADMINISTRATIVE

In fiscal 2008, DundeeWealth continued its strategic initiative designed towards becoming a more integrated wealth management company. It focused on balancing growth in key areas with reductions in others. DundeeWealth exited some businesses and outsourced other services. It also consolidated central functions in an effort to reduce the cost of operations by eliminating duplication and more closely defining business roles. Measures were therefore implemented to reduce headcount and improve DundeeWealth's processes and business alignment. DundeeWealth recorded severance costs of $23,598,000 in fiscal 2008 (2007 – $8,896,000) related to this initiative.

19. STOCK BASED COMPENSATION

Share Incentive Plans

During 2008, the Company, before considering stock based compensation of subsidiaries described below, recognized stock based compensation expense of $1,647,000 (2007- $1,604,000) related to share based compensation arrangements.

	2008	2007
Share option plan	$854	$851
Deferred share unit plan	793	753
	$1,647	**$1,604**

Share Option Plan

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

The total number of share options cannot exceed 12,000,000. Options to purchase 3,559,644 Subordinate Shares of the Company were outstanding as at December 31, 2008 and 3,937,941 Subordinate Shares remain available for grant under the share option plan.

Stock options granted after December 31, 2002 are accounted for using the fair value method. No options were granted in 2008 and 2007. During 2008, the Company recognized stock based compensation of $854,000 (2007 – $851,000) in respect of this plan.

A summary of the status of the Company's share option plan as at December 31, 2008 and 2007, and the changes during the years then ended, is as follows:

	2008		2007	
	Number of Options	Weighted Average Exercise Price	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of year	3,864,644	$6.67	4,183,644	$6.84
Exercised	(275,000)	$7.39	(319,000)	$8.90
Cancelled	(30,000)	$4.95	-	$-
Outstanding, end of year	**3,559,644**	**$6.63**	**3,864,644**	**$6.67**
Exercisable, end of year	3,268,644	$6.41	3,282,645	$6.23

Exercise Price Range	Options Outstanding	Weighted Average Exercise Price	Weighted Average Remaining Contractual Life (Years)	Options Exercisable
$ 4.38 to $4.83	1,060,032	$4.78	0.51	1,060,032
$ 4.90 to $5.42	1,044,612	$4.98	1.56	1,044,612
At $ 9.17	1,455,000	$9.17	0.76	1,164,000

Share Bonus Plan

The Company's share bonus plan permits Subordinate Shares of the Company to be issued from treasury or purchased in the market as a discretionary bonus to eligible participants from time to time on terms established in the Company's share incentive plan. There were no shares issued under the share bonus plan arrangement during 2008 or 2007.

As at December 31, 2008, 1,500,000 Subordinate Shares were approved for issuance pursuant to the share bonus plan of which 216,000 Subordinate Shares were issued since the plan's inception and 1,284,000 Subordinate Shares remain available for issuance from treasury.

Deferred Share Unit Plan

The Company has established a deferred share unit plan ("DSUP") for eligible participants. The Compensation Committee of the Board of Directors administers the DSUP and discretionary awards will be based on certain criteria, including services performed or to be performed. Deferred share units are redeemable when a participant is no longer a director, officer or employee of the Company or any of its subsidiaries by a lump sum payment, based on the value of the deferred share units at that time.

During 2008, the Company issued 348,329 (2007 – 41,779) deferred share units to certain executives and directors of the Company, including 242,920 (2007 – 15,480) deferred share units to settle compensation arrangements relating to prior years. Each unit entitles the holder to a Subordinate Share on retirement. During 2008, the Company recognized compensation expense of $793,000 (2007 – $753,000) in respect of the DSUP.

The total number of deferred share units cannot exceed 1,500,000. Deferred share units to purchase 715,959 Subordinate Shares of the Company were outstanding as at December 31, 2008 and 772,662 Subordinate Shares remain available for grant under the DSUP.

Share Incentive Plans and Other Stock Based Plans of DundeeWealth

DundeeWealth has established share incentive plans for its employees, financial advisors, officers and directors and those of its subsidiaries. These share incentive plans consist of a share purchase plan, a share bonus plan, a deferred share plan and a share option plan. DundeeWealth has also established a deferred share unit plan. During 2008, DundeeWealth recognized stock based compensation expense of $21,323,000 (2007 - $18,035,000) in respect of these share incentive arrangements. As at December 31, 2008, DundeeWealth had granted 6,984,960 (2007 – 8,040,089) options at a weighted average exercise price of $9.06 (2007 - $9.15) of which 5,811,636 (2007 – 5,532,187) were exercisable at December 31, 2008. At December 31, 2008, DundeeWealth had granted awards for the future issuance of 2,615,821 common shares of DundeeWealth, which issuance is conditional on meeting certain criteria, and it had granted an aggregate of 891,318 deferred share units.

Stock Option Plan of Eurogas

Eurogas has established a stock option plan for its directors, officers and employees. As at December 31, 2008, Eurogas had granted 5,205,000 (2007 – 6,005,000) options at a weighted average exercise price of $1.21 (2007 – $1.27) of which 4,214,997 (2007 – 3,321,667) stock options were exercisable at December 31, 2008. Eurogas also has a deferred share unit plan of which 315,000 (2007 – 175,000) awards have been issued.

During 2008, compensation expense of $767,000 (2007 – $1,261,000) was recognized in respect of Eurogas' stock option arrangements and deferred share unit arrangements. In addition, Eurogas capitalized compensation costs of $78,000 (2007 - $789,000) to its oil and gas properties.

Stock Based Compensation of Dundee Realty

The non-controlling shareholder of Dundee Realty was granted an option through the issuance of a class of Dundee Realty shares that will enable the non-controlling shareholder to acquire additional shares of Dundee Realty over a six-year period at a cost of approximately $10,700,000. If exercised, the option will increase the non-controlling shareholder's interest to 30%. The option purchase will vest in equal annual installments over the six-year period commencing in 2006 and is subject to the non-controlling shareholder remaining an employee of Dundee Realty.

Since 2006, the non-controlling shareholder has paid $3,566,000 towards the exercise of these options, increasing the non-controlling shareholder's interest to 25% at December 31, 2008, including $1,783,000 exercised during 2008. Dundee Realty recognized stock based compensation expense of $198,000 (2007 - $409,000) in respect of these option arrangements.

20. INCOME TAXES

The Company's income tax (recovery) provision from continuing operations differs from the amount that would be computed by applying the combined Canadian federal and provincial statutory income tax rate as a result of the following:

	2008	2007
Anticipated income tax (recovery) provision based on a combined Canadian federal and provincial statutory income tax rate of 34% (2007 - 35%)	$(118,823)	$150,625
Non deductible expenses	31,404	16,829
Non taxable revenue	(931)	(10,310)
Non taxable dilution gains	(995)	(49,337)
Change in valuation allowance	(6,512)	(1,789)
Remeasurement of future income taxes	21,679	(8,057)
Net income tax benefits not previously recognized	(4,240)	(964)
Other	29	(5,527)
Income tax (recovery) provision	**$(78,389)**	**$91,470**

Significant components of the Company's future income tax assets and liabilities as at December 31, 2008 and 2007 are as follows:

	2008	2007
Future income tax assets		
Tax loss carry forwards	$184,838	$86,247
Capital assets	16,346	14,575
Non deductible reserves	6,370	6,926
Accrued liabilities	10,838	9,410
Other comprehensive income	5,618	297
Other	5,525	6,191
	229,535	123,646
Valuation allowance	(17,131)	(23,551)
Total future income tax assets	212,404	100,095
Future income tax liabilities		
Deferred sales commissions	73,770	67,181
Management contracts	101,885	79,237
Investment portfolio, including equity accounted investments	5,068	35,420
Real estate assets	12,769	5,759
Funds under administration	3,857	5,802
Oil and gas properties	-	2,454
Other	18,079	39,104
Total future income tax liabilities	215,428	234,957
Net future income tax liabilities	**$3,024**	**$134,862**

The future income tax assets arise from available income tax loss carry forwards from current and prior years and future income tax deductions. A valuation allowance is recorded in respect of the total future income tax asset when management believes it is more likely than not that some or all of the future tax assets will not be realized. After consideration of estimated future taxable income, expected reversal of future tax liabilities, the nature of the future tax assets and potential tax planning strategies, the Company has determined that a valuation allowance of $17,131,000 (2007 - $23,551,000) is required in respect of its future income tax assets as at December 31, 2008.

DundeeWealth realized a capital loss on the sale of Dundee Bank of Canada in the third quarter of 2007. While the tax benefit of $14.5 million in respect of this loss was not recognized in the consolidated financial statements or the table above, the loss can be carried forward indefinitely to offset future capital gains.

As at December 31, 2008, the Company and its subsidiaries had operating loss carry forwards of $683,500,000 (2007 - $291,214,000). A summary of the operating loss carry forwards by year of expiry is as follows:

Year of Expiry:	
2009	$15,876
2010	10,323
2011	5,034
2012	-
2013	1,773
Thereafter	650,494
	$683,500

21. NET (LOSS) EARNINGS PER SHARE

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

For the year ended December 31,	2008	2007
Net (loss) earnings available to Subordinate and Class B Shareholders		
Class B ShareholdersContinuing operations	$(196,261)	$277,639
Discontinued operations	$69	$16,094
Weighted average number of shares outstanding	74,805,009	75,412,363
Basic (loss) earnings per share		
Continuing operations	$(2.62)	$3.68
Discontinued operations	$-	$0.22
Basic (loss) earnings per share	$(2.62)	$3.90
Effect of dilutive securities to available net (loss) earnings		
Continuing operations	$-	$(3,841)
Discontinued operations	$-	$7,219
Effect of dilutive securities to weighted average number of shares outstanding	-	3,106,945
Diluted (loss) earnings per share		
Continuing operations	$(2.62)	$3.49
Discontinued operations	$-	$0.29
Diluted (loss) earnings per share	$(2.62)	$3.78

22. FINANCIAL INSTRUMENTS

Fair Value of Available-for-Sale Financial Assets

AFS securities are generally carried at fair values with unrealized gains and losses being included in AOCI. Where available, fair value is determined using quoted market prices from active markets. Fair value for CLOs and other structured products, for which market quotations are not readily available, is provided by the third party underwriter of the financial instrument in the form of an indicative bid value or, where available, the most recent trading price of such individual security. The third party underwriter uses a valuation model that incorporates prevailing primary and secondary market conditions and deal specific parameters. This valuation model is based, in part, on assumptions that may not be supported by observable market prices or rates. Indicative bid values provided are independently assessed by qualified professionals to ensure that they are reasonable.

DundeeWealth's approach to estimating fair value of non-bank sponsored third party ABCP for financial reporting purposes consists of a review of the asset classes, a review of the information concerning the particular conduits that it owns and a review of a series of proxies and other industry information. Fair value of the underlying assets is affected by a wide variety of factors including, but not limited to, changes in corporate credit spreads, changes in credit correlation, current and expected default and delinquency experience for assets underlying the affected ABCP, the weighted average life of the assets, the vintage of asset origination and the global pricing of structured finance assets. Some observable market indices used in this approach include: tracking the changes in spreads for the investment grade North American Credit Index and its European counterpart, obtaining pricing of CDOs for asset-backed securities and market prices for reference portfolios of various asset classes such as commercial mortgages, lines of credit, equipment leases, auto leases and trade receivables. However, this valuation technique also requires making various assumptions that may not be supported by observable market prices or rates. The valuation approach is performed by asset class, breaking down the assets into leveraged and unleveraged categories.

Fair Value of Financial Instruments
With the exception of the Company's preference shares, Series 1 and preference shares issued by DundeeWealth, all of the Company's financial instruments are recorded on the consolidated balance sheet at carrying values that are representative of, or approximate, fair value. At December 31, 2008, the preference shares, Series 1 issued by DundeeWealth had a carrying value of $152,978,000 (2007 – $152,655,000) and a fair value based on market prices at that date of $84,038,000 (2007 – $143,175,000). At December 31, 2008, the Company's preference shares, Series 1 had a carrying value of $147,371,000 (2007 – $147,020,000) and a fair value based on market prices at that date of $75,000,000 (2007 – $120,960,000).

Risk Management
Detailed qualitative disclosures on financial instruments are included in the "Managing Risk" section of the Company's Management's Discussion and Analysis for the year ended December 31, 2008.

Market Risk
Market risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market prices. For purposes of this disclosure, the Company segregates market risk into three categories: fair value risk, interest rate risk and currency risk.

Fair Value Risk
Fair value risk is the potential for loss from an adverse movement, excluding movements relating to changes in interest rates and foreign exchange currency rates, because of changes in market prices. Fair value changes may be experienced in a single financial instrument, or in a series of financial instruments in a particular industry sector, or in financial instruments globally as a result of adverse changes in capital markets. The Company incurs fair value risk directly through its trading positions and portfolio of AFS securities, and indirectly through movements in AUM and Assets under Administration ("AUA"). The Company's fair value risk exposure and related risk management controls and procedures are discussed in the "Creating, Attracting and Retaining AUM and AUA" section and the "Market Risk in Trading and Investments" section of the Company's Management's Discussion and Analysis as at and for the year ended December 31, 2008.

The following table illustrates the Company's financial instruments that are recorded on the consolidated balance sheet at fair value and are exposed to fair value risk. The table demonstrates the sensitivity of the Company's earnings before taxes and OCI before taxes, net of associated expenses, for the year ended December 31, 2008 to reasonably possible changes in fair value of those instruments. Amounts illustrated are before providing for allocation of earnings or OCI to non-controlling interests.

Earnings before taxes and other comprehensive income before taxes, net of associated expenses, for the year ended December 31, 2008

	Carrying value	Effect of 3% absolute change in fair value on earnings before taxes	Effect of 3% absolute change in fair value on other comprehensive income (i)
Trading securities owned, net of trading securities sold short	$117,931	$3,275	$ n/a
Available-for-sale securities (ii):			
Asset-backed commercial paper (iii)	169,478	5,084	n/a
Collateralized loan obligations (iii)	16,645	499	n/a
Mutual fund investments managed by a subsidiary	68,194	n/a	2,046
Other portfolio investments	40,413	n/a	1,212

(i) Before taxes
(ii) Other-than-temporary impairments in the fair value of AFS securities are recorded in net earnings
(iii) During fiscal 2008, the decline in fair values related to ABCP and CLOs was considered an other-than-temporary impairment and, therefore, changes in fair values are charged to net earnings.

See "Market Risks in Assets under Management and Assets under Administration" section which follows for a discussion of the Company's exposure to fair value fluctuations in AUM and AUA.

The Company also incurs fair value risk in its Exchangeable Debentures (note 13). The carrying value of the Exchangeable Debentures is adjusted in the consolidated financial statements to reflect the market value of the underlying Dundee REIT units, provided that such adjustment does not result in a carrying value that is below the principal value of the Exchangeable Debentures outstanding. Any change in the carrying value of the Exchangeable Debentures resulting from such adjustment is recorded in net earnings. At December 31, 2008, the Exchangeable Debentures were carried at their principal value.

Interest Rate Risk
Interest rate risk relates to the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Company incurs interest rate risk through some of its portfolio of investments in trading and AFS securities, including investments in ABCP and CLOs. The risks associated with the Company's investments in ABCP and CLOs, including the actual and potential effect on earnings before taxes and OCI before taxes for the year ended December 31, 2008, are discussed below under the "Specific Risks Associated with Operating Segments – Wealth Management" section. The Company does not measure the effects of interest rate risk on its portfolio in isolation.

The Company also incurs interest rate risk through its variable rate corporate debt and client account margin loans and credit balances and, to a lesser extent, cash and cash equivalents and amounts related to securities borrowing activities. This exposure arises principally on changes in Canadian dollar, U.S. dollar and Euro based interest rates. The Company's exposure to interest rate risk related to its investments in CLOs is discussed under the "Specific Risks Associated with Operating Segments – Wealth Management" section. In general, for every 50 basis point change in market interest rates, earnings before taxes and non-controlling interest related to variable rate corporate debt, excluding real estate debt, for the year ended December 31, 2008 would change by approximately $713,000. In general, for every 50 basis point change in market interest rates, earnings before taxes related to client account margin loans and credit balances for the year ended December 31, 2008 would change by approximately $121,000. The Company's exposure to its variable rate real estate debt is discussed under the "Specific Risks Associated with Operating Segments – Real Estate" section.

Currency Risk
Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Company incurs currency risk primarily on its U.S. dollar and Euro denominated CLOs and DundeeWealth's $500,000,000 revolving term credit facility to the extent that it is drawn in U.S. dollars and Euros. The Company's exposure to currency risk related to its investments in CLOs is discussed under the "Specific Risks Associated with Operating Segments – Wealth Management" section. DundeeWealth's exposure to currency risk related to its foreign-currency-denominated debt is illustrated in the following table, which demonstrates the sensitivity of earnings before taxes and non-controlling interest to a reasonably possible change in U.S. dollar and Euro exchange rates, with all other variables held constant. The effect on earnings before taxes reflects (i) the revaluation of the debt at December 31, 2008 using a revised spot rate and (ii) the effect of a revised average quarterly exchange rate used to translate the related interest expense for the year ended December 31, 2008.

Earnings before taxes for the year ended December 31, 2008

Earnings before taxes for the year ended December 31, 2008

	Effect on earnings before taxes assuming an absolute 3% change in exchange rates
U.S. dollars	$1,582
Euros	$1,206

DundeeWealth's brokerage subsidiary enters into forward foreign exchange contracts to manage currency risk on pending securities settlements in currencies other than the Canadian dollar. At December 31, 2008, the notional value of outstanding forward foreign exchange contracts was $105,740,000. DundeeWealth does not apply the principles of hedge accounting to these contracts and therefore, changes in the fair value of these derivatives, which are caused by fluctuations in foreign exchange rates, are recorded in earnings during the period in which they occur. Given the short-term nature of these derivatives, any changes in fair value stemming from reasonably possible changes in foreign exchange rates would have a nominal effect on earnings before taxes for the year ended December 31, 2008.

Market Risk in Assets under Management and Assets under Administration
DundeeWealth's exposure and related risk management controls and procedures are discussed in the "Market Influences" and "Creating, Attracting and Retaining AUM and AUA" sections of the Company's Management's Discussion and Analysis for the year ended December 31, 2008.

AUM are exposed to various forms of market risk, including, but not limited to, fair value risk, interest rate risk and currency risk. These risks transfer to DundeeWealth through the generation of management fee revenues, net of associated trailer service fees, which are calculated as a percentage of the net asset value of the respective mutual fund or other discretionary portfolio being managed. Management fee revenue also includes performance fees that DundeeWealth earns when the market appreciation of certain AUM exceeds established benchmarks. DundeeWealth does not quantify its exposure to these risks in isolation; however, in general, for every 3% change in the net asset value of AUM, earnings before taxes and non-controlling interest defined as revenues less trailer service fees, for the year ended December 31, 2008 would change by approximately $9,588,000, before accounting for any changes in performance fees that may be generated by such a change in fair value.

The following table, which includes a breakdown of the December 31, 2008 AUM by asset type and base currency, provides additional insight regarding DundeeWealth's exposure to various forms of market risk.

AUM by Asset Type		AUM by Base Currency	
Equity	$17,825,000	Canadian dollars	$19,022,000
Fixed income	7,601,000	U.S. dollars	4,817,000
		Other	1,587,000
Total	**$25,426,000**	**Total**	**$25,426,000**

DundeeWealth also incurs market risk through its exposure to fluctuations in AUA. Adverse global market conditions may impact the Company's AUA and net earnings through a reduction in client trading and underwriting activity. While the Company does not quantify its exposure to these risks in isolation, it does monitor the portion of its AUA of $19,120,000,000 which is subject to trailer fees and therefore directly impacts trailer fee revenue. In general, for every 3% change in the net asset value of AUA invested in mutual funds, earnings before taxes and non-controlling interest, net of associated expenses, for the year ended December 31, 2008 would change by approximately $841,000.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Credit risk arises from cash and cash equivalents held with banks and financial institutions, accounts receivable, client accounts receivable and derivative financial instruments (foreign exchange forward contracts). The maximum exposure to credit risk is equal to the carrying value of these financial instruments.

A substantial portion of the Company's accounts receivable relates to management fees receivable from the funds managed by DundeeWealth. There are no significant concentrations of credit risk within the Company.

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

DundeeWealth manages its credit risk in certain types of trading activities through the establishment of aggregate limits by individual counterparty, reviewing security and loan concentrations and marking to market collateral provided on certain transactions. For the year ended December 31, 2008 and historically, DundeeWealth has not incurred any material loss arising from a counterparty default.

Additionally, the real estate segment manages its exposure to credit risk by attracting tenants and land buyers of sound financial standing, diversifying its mix of tenants and ensuring adequate security has been provided in support of loans.

Liquidity Risk

Liquidity risk is the risk that the Company will encounter difficulty in meeting obligations associated with financial liabilities. The Company manages its liquidity risk through the management of its capital structure and financial leverage as discussed further in the "Liquidity and Capital Resources" section of the Company's Management's Discussion and Analysis for the year ended December 31, 2008.

The following table summarizes the maturity profile of the Company's financial liabilities as at December 31, 2008.

		Carrying Amount	Contractual Term to Maturity
Bank indebtedness (note 11)	$	-	No fixed term to maturity
Accounts payable and accrued liabilities		291,029	Typically due within 20 to 90 days
Client deposits and related liabilities (note 12)		408,647	Due on demand
Corporate debt (i) (note 13)		529,507	Subject to term facilities
Series 1 preference shares, DundeeWealth (note 14)		152,978	Retractable by the holder after March 13, 2017
Preference shares (note 14)		147,371	Retractable by the holder after June 30, 2016
Total	**$**	**1,529,532**	

(i) Contractual term to maturity related to the real estate debt is disclosed below under the "Specific Risks Associated with Operating Segments – RealEstate" section.

Specific Risks Associated with Operating Segments

Wealth Management

Asset-Backed Commercial Paper
At December 31, 2008, DundeeWealth held ABCP with a par value at maturity of $379,425,000. In mid-August 2007, certain ABCP trusts failed to rollover their matured paper in the usual course of business, resulting in significant liquidity issues. Affected ABCP has not traded in active markets since mid-August 2007 and there are no market quotations available for these securities as at December 31, 2008.

On March 17, 2008, a court order was obtained through which a restructuring of affected ABCP was expected to occur under the protection of the Companies' Creditors Arrangement Act. On December 11, 2008, the committee created to propose a restructuring solution to the liquidity problem facing ABCP, announced that an agreement in principle had been reached amongst various key participants in the proposed restructuring plan. As part of the final agreement, the governments of Canada and Quebec, with participation from Ontario and Alberta, together with certain other participants in the restructuring provided additional margin facilities, as further described below. In addition, the restructuring included a time-dependent moratorium on collateral calls to July 16, 2010 and included amendments to spread-loss trigger tables. The Superior Court of Ontario granted the Plan Implementation Order on January 12, 2009 and the arrangement was certified by the Court on January 21, 2009.

The restructuring plan, as implemented on January 21, 2009, exchanged the affected ABCP for longer-term, floating rate notes ("FRNs") designed to match the maturities of the underlying assets.

The restructuring pooled certain assets of all the affected ABCP conduits, and subsequently allocated them on a pro-rata basis to two newly created Master Asset Vehicles referred to as MAV 1 and MAV 2. Certain larger investors participated in MAV 1 which required self-funding against possible margin calls by participants in a margin funding facility.

DundeeWealth is an investor in MAV 2, in which a third-party funding facility was established and generally funded by a group of third-party lenders. MAV 2 issued Class A-1, Class A-2, Class B and Class C notes to ABCP noteholders. Each class of notes that DundeeWealth received was supported by a portfolio of unleveraged and leveraged corporate CDOs, traditional securitized assets and certain hybrid assets.

Trusts with ABCP supported solely by traditional securitized assets were placed in a separate Master Asset Vehicle referred to as MAV 3 and noteholders received FRNs with maturities based upon the maturities of the underlying assets. The FRNs are to amortize and be repaid as assets mature or are sold. DundeeWealth is also a participant in MAV 3.

Assets in each Master Asset Vehicle, for which the credit quality is uncertain, are designated as ineligible assets and are supported by notes designated as IA Tracking Notes which bear interest at the net rate of return generated by the corresponding designated tracking asset.

DundeeWealth received its replacement notes immediately following approval of the restructuring. The allocation of the notes in MAV 2 and MAV 3 received by DundeeWealth were consistent with its expectations. Approximately 71% of DundeeWealth's original investment in ABCP was replaced with senior Class A-1 and Class A-2 long term FRNs issued in MAV 2. These notes have been assigned a rating of "A" by DBRS. The notes have a legal maturity date that extends into 2056, although expectation is that these notes will be repaid earlier than their legal maturity. DundeeWealth has also received subordinated Class B and Class C long-term FRNs of MAV 2 representing approximately 8% of its original ABCP investment. Assets in MAV 2 which have uncertain credit quality were restructured on a transaction-by-transaction basis and DundeeWealth has received long-term FRNs as a result. Additionally, the traditional securitized assets in MAV 3 were also restructured on an individual transaction-by-transaction basis and DundeeWealth has also received long-term FRNs for these assets. The individual notes issued from MAV 2 and MAV 3 received by DundeeWealth represent approximately 19% of its original investment. DundeeWealth has no recourse to recover the remaining 2% of its ABCP portfolio.

Prior to the restructuring, and at December 31, 2008, the ABCP investments held by DundeeWealth were considered AFS financial instruments for accounting purposes and were reported at their fair value. Fair value, among other things, is a function of the market's perception of the risks associated with the asset. Given that, as at December 31, 2008, these assets were not distributing interest and the new restructured securities were not yet issued, the valuation approach applied by DundeeWealth used publicly available information, either from DBRS or from the information statement outlining the restructuring plan, to determine the type and characteristics of assets in each of the affected trusts. This information was assessed on a transaction-by-transaction basis for each trust in which DundeeWealth owns affected ABCP. Using a valuation technique, DundeeWealth assigned values to each asset type in each affected trust in which DundeeWealth holds ABCP. An overall dollar weighted average valuation across all affected trusts was then calculated.

DundeeWealth's determination of fair value of traditional assets continues to be based primarily on discussions with third party dealers or, where available, the most recent trading prices of similar securities. As proxy for the fair value of hybrid securitized assets, DundeeWealth considered credit indices on structured finance products including the ABX, TABX and CMBX indices.

Fair value of leveraged and unleveraged corporate CDOs held within the ABCP investments is determined using a pricing model which requires inputs of initial and current credit spreads, a risky annuity and a leverage factor. Generally and with all other factors remaining constant including the vintage of assets, the fair value of ABCP is expected to decline in periods of increasing credit spreads.

Based on its analysis, DundeeWealth determined that it is necessary to recognize a fair value adjustment in its ABCP investments as at December 31, 2008 of $113,827,000, of which $75,885,000 and $37,942,000 were recorded in the first and third quarters of 2008, respectively. In the prior year, DundeeWealth had provided $94,856,000 against the carrying value of its investment in ABCP, including $57,600,000 that was included in discontinued operations relating to Dundee Bank (note 3). This equates, in total, to approximately 55% of the par value of ABCP held. As the ABCP conduits failed to meet their scheduled maturities and interest payments to noteholders during the standstill period, DundeeWealth determined that the fair value adjustments reflected an other-than-temporary impairment of ABCP investments and therefore recognized the adjustments in net earnings.

While DundeeWealth's valuation technique, as outlined above, has taken into account recent market volatility and the implementation of the restructuring plan, there is no assurance that the pricing of these assets will not increase or decline in future periods or that following the restructuring, the restructured notes will trade at a market value which is the same as their fair value. Furthermore, there is no assurance that DundeeWealth's investment will trade at a value equivalent to their fair value. As a result of these uncertainties, and the fact that DundeeWealth's valuation methodology was based on incomplete information, these estimates may change materially in subsequent reporting periods.

Subsequent to December 31, 2008 and as part of the implementation of the reorganization plan, DundeeWealth received interest of $12,263,000 in respect of its portfolio of ABCP.

Collateralized Loan Obligations
At December 31, 2008, DundeeWealth held 27 positions in CLOs, including U.S. dollar denominated CLOs with a par value of US$88,550,000 and Euro denominated CLOs with a par value of €15,500,000. The CLOs are collateralized by a diversified portfolio of senior secured first-lien corporate loans and are, for the most part, unlevered. Of the 27 positions held, five were rated BBB, 12 were rated BB and the remaining 10 positions were investments in equity tranches. For the year ended December 31, 2008, DundeeWealth earned $13,926,000 (2007 – $6,786,000), of investment income from its portfolio of CLO investments. There were no defaults in scheduled interest payments during 2008.

A number of factors continue to exert downward pressure on CLO pricing which has resulted in limited trading, despite the significant supply of CLO products. During the fourth quarter of 2008, DundeeWealth determined that its CLO investments were impaired on an other-than-temporary basis. As a result, DundeeWealth recognized in net earnings a fair value adjustment of $99,961,000 against the carrying value of its CLO investments, of which $69,567,000 was a transfer from OCI and $30,394,000 was the fourth quarter's writedown.

Management uses various measures to monitor the credit quality of loans supporting its CLO investments, including two main macro measures that are relatively standard in assessing the underlying credit quality of loans in each CLO portfolio.

The first measure is the weighted average rating factor ("WARF") of each CLO investment. Each CLO has a WARF maximum which, if exceeded, prohibits the manager from purchasing new loans that would otherwise further cause deterioration in the WARF. During the fourth quarter of 2008, the WARF increased by two times the increase experienced during the first three quarters of 2008. Furthermore, certain of the CLO portfolios had exceeded their individual WARF maximums at December 31, 2008. At September 30, 2008, all investments complied with their WARF maximums.

A second measure is the relative size of the CCC-rated bucket in each CLO portfolio, generally referred to as the CCC content of the CLO. Generally, an increasing number of CCC-rated loans may be seen as a form of credit deterioration and precursor to default. Similar to the WARF maximum described above, each portfolio will generally have a CCC content maximum. If breached, the manager of the CLO is limited in its ability to make further investments in CCC or lower-rated assets. Furthermore, the CCC content may result in a cash diversion away from the equity and lower-rated tranches of the particular CLO. While there was a continuing increase in CCC content throughout 2008, during the fourth quarter a significant number of CLOs exceeded their CCC content limits.

The deterioration in these two factors, along with various other measures that DundeeWealth uses to assess credit quality suggested that there was objective evidence of financial difficulty of the collateral supporting each CLO investment.

DundeeWealth incurs interest rate risk and currency risk related to its portfolio of CLO investments. The following table demonstrates the sensitivity of the Company's earnings before taxes and OCI before taxes, for the year ended December 31, 2008, to reasonably possible changes in market interest rates and foreign exchange rates. The foreign exchange rate portion of the table reflects (i) the effect of the revaluation of the CLOs at December 31, 2008 using a revised spot rate which is reflected in OCI and (ii) the effect of a revised average quarterly exchange rate used to translate the related investment income which is reflected in net earnings. To the extent that the Company determines that its portfolio of CLO investments has been other-than-temporarily impaired, the foreign exchange effect in OCI relating to the revaluation of the CLOs would be included in net earnings.

Earnings before taxes and other comprehensive income before taxes, for the year ended December 31, 2008

	Effect on earnings before taxes assuming 50 basis point absolute change in market interest rates	Effect on earnings before taxes assuming an absolute 3% change in foreign exchange rates	Effect on other comprehensive income before taxes assuming an absolute 3% change in exchange rates
U.S. dollars	$338	$324	$366
Euros	$43	$94	$133

DundeeWealth has borrowed in U.S. and Euro currencies in order to economically protect itself against foreign exchange fluctuations in its foreign-currency-denominated CLO investments. At December 31, 2008, approximately 46% of the par value of U.S. dollar denominated CLOs and 38% of the par value of Euro denominated CLOs were economically hedged using foreign-currency-denominated debt. The Company has elected not to apply hedge accounting to these strategies.

Real Estate

Real estate debt included in the Company's real estate segment creates specific interest rate risk and liquidity risk. In addition, the foreign exchange forward contract in the real estate segment creates currency risk.

Interest Rate Risk

The Company incurs interest rate risk through the real estate segment's variable rate real estate debt. This exposure arises principally on changes in Canadian dollar interest rates. In general, for every 50 basis point change in market interest rates, earnings before taxes related to variable rate real estate debt for the year ended December 31, 2008 would change by approximately $457,000.

Liquidity Risk

The following table summarizes the scheduled principal repayments and debt maturities in respect of real estate debt.

Principal Repayments	Mortgages	Demand Revolving Credit Facilities	Land Mortgages	Housing Advances	Term Debt	TOTAL
2009	$3,956	$85,408	$16,144	$119,870	$2,512	$227,890
2010	833	-	3,826	300	669	5,628
2011	866	-	751	75	712	2,404
2012	912	-	801	-	751	2,464
2013	960	-	143	-	789	1,892
2014 and thereafter	29,955	-	-	-	444	30,399
TOTAL	$37,482	$85,408	$21,665	$120,245	$5,877	$270,677
Adjusted for:						
Acquisition date fair value debt adjustment						(1,645)
Deferred financing						(259)
As at December 31, 2008						$268,773

Currency Risk
The Company's real estate segment has entered into a foreign exchange forward contract to purchase a total of US$13,464,000 of currency at specific dates, which commenced on September 2, 2008 and ends on February 1, 2010. The foreign exchange forward contract hedges the real estate segment's exposure to foreign currency risk related to its future funding obligations for capital projects. As of December 31, 2008, the balance to be purchased under this foreign exchange forward contract was US$10,472,000. There is no ineffectiveness relating to this hedging relationship, therefore no amount of gain or loss was recognized in net earnings for the period. As determined using a derivative valuation model, a 3% change in foreign exchange rates would result in an approximate $400,000 adjustment to OCI before non-controlling interests.

Resources

Eurogas is exposed to financial risks due to the nature of its business and the financial assets and liabilities that it holds.

Interest Rate Risk
Eurogas incurs interest rate risk through its discounted notes and GICs and, to a lesser extent, its cash position. The investments in discounted notes and GICs are designated as held-for-trading financial instruments and are measured at fair value. As a result, the effect of interest rate changes are recognized in net income in the period incurred. For every 50 basis point change in market interest rates, net income before income taxes related to discounted notes and GICs would change by approximately $115,000. Notes receivable are at fixed rates of interest and therefore are not subject to interest rate risk.

Currency Risk
Eurogas periodically has accounts receivable and accounts payable denominated in foreign currencies, primarily Euros and US dollars. As a result of the deconsolidation of Escal (note 3), Eurogas has a Euro denominated loan to Escal. A 3% change in the foreign exchange translation rate of Euro to Canadian dollar relating to these activities would result in a change to net earnings of approximately $66,000.

Eurogas' equity investment in Escal is considered a self-sustaining operation and the current method is used for translating the results of its operations with unrealized foreign currency translation adjustments included in OCI. A 3% change in the foreign exchange translation rate of Euros to Canadian dollars would change the value of the equity investment in Escal by approximately $52,000, with the unrealized foreign exchange amount recognized in OCI.

Eurogas also has certain cash balances that are denominated in US dollars in order to facilitate US dollar transactions. The Company does not incur significant currency risk in respect of these balances, as the amount of cash held in foreign currency is not significant.

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

23. CAPITAL MANAGEMENT

The Company defines the capital that it manages as the aggregate of its shareholders' equity and interest bearing debt, including outstanding preference shares. The following table summarizes the carrying value of the Company's capital as at December 31, 2008 and 2007.

Type of capital	2008	2007
Shareholders' equity	$880,839	$1,120,256
Corporate debt	529,507	355,714
Series 1 preference shares, DundeeWealth	152,978	152,655
Preference shares	147,371	147,020
	$1,710,695	**$1,775,645**

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

Certain of the Company's subsidiaries are subject to regulatory capital requirements as described in the "Liquidity and Capital Resources" section of the Company's Management's Discussion and Analysis as at and for the year ended December 31, 2008. At December 31, 2008, regulated subsidiaries exceeded required levels of regulatory capital, with working capital of $45,189,000 (2007 – $115,394,000) in its investment management business and excess regulatory capital of $64,209,000 (2007 – $36,824,000) in its brokerage business.

As at December 31, 2008, the Company and its subsidiaries complied with all regulatory capital requirements and all debt covenants.

24. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS

Commitments

Lease Commitments

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

2009	$16,281
2010	12,212
2011	10,498
2012	9,586
2013	7,372
Thereafter	54,648
	$110,597

Wealth Management Commitments

Future Compensatory Awards

DundeeWealth has established compensation arrangements pursuant to which certain employees and advisors have been awarded grants that provide for the delivery of shares or other forms of compensation in the future, subject to vesting requirements as provided in the terms of each arrangement (note 19). In addition to DundeeWealth's share incentive arrangements and other forms of stock based compensation, DundeeWealth has commitments of $12,174,000 in other future compensatory awards pursuant to retention award arrangements (note 19).

Shareholders' Agreement

In connection with The Bank of Nova Scotia's ("Scotiabank") investment in DundeeWealth, Dundee Corporation and Scotiabank entered into a shareholders' agreement outlining their respective rights and interests as shareholders of DundeeWealth. The shareholders' agreement includes matters relating to the purchase of shares, board representation, rights of first offer and matching offers in the event a shareholder wishes to dispose of their interest. In a specific circumstance, should the Company dispose of its shares in DundeeWealth to a third party, Scotiabank may be entitled to a fee payable by DundeeWealth in an amount between $20,000,000 and $40,000,000.

Real Estate Commitments

Shareholders' Agreement in Respect of Dundee Realty

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

Land Purchase Agreements and Estimated Costs to Complete

Dundee Realty has commitments under land purchase agreements totalling $2,832,000 as at December 31, 2008 (2007 - $11,639,000) which will become payable in future periods upon the satisfaction of certain conditions pursuant to these agreements. Estimated costs to complete land and housing and condominium projects which have not been accrued at December 31, 2008 were $8,265,000 (2007 - $5,782,000).

Wind Turbine Purchase Agreement

Dundee Realty has commitments under a wind turbine purchase agreement through its joint venture investment in the windmill development project for $10,470,000 which will become payable upon delivery and installation of certain equipment.

Contingent Liabilities

Legal Contingencies
A subsidiary of DundeeWealth has been named in claims for approximately $5,000,000 plus costs and interest initiated by certain former clients of a former financial advisor. The Company and its subsidiaries are also defendants in various other legal actions. The Company intends to vigorously defend itself against these claims. Although the ultimate outcome of these matters cannot be ascertained at this time and the results of legal proceedings cannot be predicted with certainty, it is the opinion of management, based on information currently available, that these are not material liabilities, adequate provisions have been made for any liabilities and the resolution of these matters will not have a material adverse effect on the financial position of the Company.

Acquisition Contingencies
Contingent consideration related to business acquisitions are disclosed in note 3.

Off-Balance Sheet Arrangements

Indemnification Agreements
In the normal course of business, the Company executes agreements that provide for indemnifications to third parties in transactions such as business combinations. The Company 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 funds, to the extent permitted under corporate law, against costs and damages that may be incurred by these individuals as a result of lawsuits or any other proceedings in which they are sued as a result of their service. The nature of these agreements precludes the possibility of making a reasonable estimate of the maximum potential amount the Company could be required to pay third parties, as the agreements often do not specify a maximum amount and the amounts are dependent on the outcome of future contingent events, the nature and likelihood of which cannot be determined. Historically, the Company has not made any payments under such indemnification agreements. No amounts have been recorded in these consolidated financial statements with respect to these indemnifications.

Real Estate Arrangements

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

Letters of Credit and Security Bonds
Dundee Realty is contingently liable for letters of credit and security bonds that have been provided to support land developments in the amount of $39,937,000 (2007 - $24,482,000).

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 $9,861,000 as at December 31, 2008 (2007 - $6,859,000). The Company would have available to it the other venturers' share of assets to satisfy the obligations, if any, that may arise.

As at and for the years ended December 31, 2008 and 2007, the Company's share of assets, liabilities, revenues and expenses of joint ventures in respect of real estate projects is illustrated in the table that follows.

	2008		2007	
	Total Joint Ventures	Proportionate Share	Total Joint Ventures	Proportionate Share
Assets	$185,155	$ 68,117	$177,979	$ 75,303
Liabilities	$58,745	$ 25,401	$53,416	$ 25,122
Revenues		$ 33,557		$ 106,793
Expenses		29,633		67,289
Operating income		$ 3,924		$ 39,504
Cash flows from operating activities		$ 13,865		$ 31,281
Cash flows used in financing activities		$ (11,981)		$ (20,103)
Cash flows used in investing activities		$ (7,234)		$ (648)

Oil & Gas Arrangements

Commitments in Respect of Eurogas

Subsequent to the year-end, on January 19, 2009, the Tunisian Hydrocarbon Committee approved a two-year extension on the Sfax Exploration Permit, which will extend the primary term to December 8, 2011. The extension requires that one new exploration well be drilled during the extension period.

25. SEGMENTED INFORMATION

Wealth Management

The wealth management segment consists of the operations of DundeeWealth and its various operating subsidiaries. Through these subsidiaries, DundeeWealth provides diversified wealth management and investment solutions including alternative and tax-advantaged products, capital markets and advisory services to financial advisors, institutions, corporations and foundations, and innovative wealth management through independent financial advisors across Canada. The wealth management segment also includes the operations of the Company's international wealth management activities located in the Cayman Islands and Bermuda.

Real Estate

The real estate segment includes the operations of Dundee Realty, which operates as an asset manager of commercial real estate with activities in a land and housing business in Canada and the United States. Real estate operations also include a 21% interest in Dundee REIT.

Resources
Activities in the resources segment are carried out through Dundee Resources, which acts as both a strategic investor and merchant bank, providing equity and quasi-equity financing to public and private companies focused on developing resource assets in the mining and energy businesses. Principal resource investments include a 53% interest in Eurogas, an oil and gas company that carries on exploration, development, production, acquisition and natural gas storage activities and has its primary interests in Spain and Tunisia.

The resources segment also includes activities related to the Company's interests in Dundee Precious and Breakwater which are accounted for by the equity method. The resources segment also holds investments in several other public and private resource companies.

Other Investments and Corporate Costs
This segment consists of the Company's remaining public and private investment holdings, covering a wide spectrum of industry sectors. These investments are carried at fair value, unless accounted for on an equity basis if the Company exerts significant influence over the affairs of the investee company. This segment also includes general corporate overhead costs, including interest on corporate debt, which are not specifically allocated to any operating division.

Segmented Statements of Assets as at December 31,

For the year ended December 31,	Wealth Management *2008*	*2007*	Real Estate *2008*	*2007*	Resources *2008*	*2007*	Other Investments and Corporate Costs *2008*	*2007*	Intersegr *2008*	*2*
SEGMENTED OPERATIONS										
Revenues	$ 823,941	$ 1,007,451	$ 400,622	$ 377,683	$ 3,105	$ 4,472	$ 12,412	$ 23,239	$ (11,425)	$ 13,91
Expenses	802,362	845,533	307,281	253,503	10,952	11,487	22,353	30,725	(14,697)	(17,18
Equity losses (earnings)	-	-	(1,468)	(15,926)	37,158	(13,909)	-	(97)	-	-
Fair value adjustments	231,008	37,607	-	-	149,533	-	4,751	-	-	-
Foreign exchange loss (gains)	14,044	(5,541)	-	-	(1,744)	46	293	82	-	-
Gain on exchangeable debentures	-	-	-	-	-	-	(1,314)	(18,237)	-	-
OPERATING (LOSS) EARNINGS BEFORE UNDERNOTED ITEMS	(223,473)	129,852	94,809	140,106	(192,794)	6,848	(13,671)	10,766	3,272	3,272
Loss on sale of subsidiary	(17,679)	-	-	-	-	-	-	-	-	-
Non-controlling interest	95,902	(43,080)	(22,566)	(16,231)	972	985	-	-	-	-
NET (LOSS) EARNINGS BEFORE NON-SEGMENTED ITEMS	(145,250)	86,772	72,243	123,875	(191,822)	7,833	(13,671)	10,766	3,272	3,272
Dilution gains										
Income taxes										
NET (LOSS) EARNINGS FROM CONTINUING OPERATIONS	(145,250)	86,772	72,243	123,875	(191,822)	7,833	(13,671)	10,766	3,272	3,272
Earnings (loss) from discontinued operations of DundeeWealth, net of tax and non-controlling interest	69	(79,815)	-	-	-	-	-	-	-	-
Share of earnings of discontinued operations of Dundee REIT, net of tax	-	-	-	95,909	-	-	-	-	-	-

NET (LOSS) EARNINGS FOR THE YEAR	$ (145,181)	6,957	$ 72,243	$ 219,784	$ (191,822)	$ 7,833	$ (13,671)	$ 10,766	$ 3,272	$ 3,272

Segmented Statements of Assets as at December 31,

	Wealth Management		Real Estate		Resources		Other Investments and Corporate Costs		Intersegment		TOT	
	2008	*2007*	*2008*	*2007*	*2008*	*2007*	*2008*	*2007*	*2008*	*2007*	*2008*	*2*
Cash and cash equivalents	$147,113	$ 82,411	$16,506	$36,729	$2,688	$ 6,383	$1,277	$1,392	$-	$ -	$167,584	$ 126,9
Goodwill	375,967	411,828	-	-	-	-	-	-	-	-	375,967	411,82
Other assets	1,474,894	1,881,920	832,921	671,808	183,903	349,542	45,691	167,083	-	-	2,537,409	3,070,
TOTAL ASSETS	$1,997,974	$ 2,376,159	$849,427	$708,537	$186,591	$ 355,925	$46,968	$168,475	$-	$ -	$3,080,960	$ 3,609,

26. RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in these consolidated financial statements, related party transactions and balances as at and for the years ended December 31, 2008 and 2007 are as follows.

Wealth Management

DundeeWealth and its subsidiaries, in the course of their regular business activities, conduct routine transactions with the Company and with the Company's affiliates, including certain of Dundee Corporation's equity accounted investees. Generally, transactions between DundeeWealth, the Company and these related entities are conducted on normal market terms and are recorded at their exchange value.

Financial Services Revenue

DundeeWealth's investment management subsidiary trades securities through registered brokers on behalf of its mutual fund clients and other discretionary client portfolios. These transactions may be conducted through DundeeWealth's brokerage subsidiary and are conducted in accordance with a negotiated discounted schedule. In addition, DundeeWealth Financial may facilitate the purchase and sale of foreign currencies on behalf of these clients.

DundeeWealth's brokerage subsidiary may participate in corporate finance related activities, including financial advisory activities for the Company, its subsidiaries and affiliates, including equity accounted investees and fiduciary accounts managed by DundeeWealth.

Officers, directors and employees of the Company, its subsidiaries and other related parties may make use of the facilities of DundeeWealth's brokerage firm and mutual fund dealer.

Investments in Assets Managed by Subsidiaries of DundeeWealth

As at December 31, 2008, the Company held mutual funds and other investments with a net carrying value of $68,779,000 (2007 – $172,601,000) managed by the investment management subsidiary of DundeeWealth. In addition, included in cash and cash equivalents at December 31, 2008 is $4,792,000 (2007 – $852,000) invested in a money market mutual fund managed by the investment management subsidiary of DundeeWealth.

Agreements with Mutual Funds

Goodman & Company Investment Counsel Ltd. ("Goodman & Company") acts as a manager for Dynamic Funds™ (the "Funds") in accordance with the respective agreements between the Funds and Goodman & Company. In return, Goodman & Company is responsible for management services and all costs connected with the distribution of securities of the Funds. A significant portion of the management fees Goodman & Company earned in 2008 and 2007 were from the Funds. As at December 31, 2008, Goodman & Company had $31,412,000 (2007 – $148,540,000) receivable from the Funds. Goodman & Company also acts as trustee for the Funds that are mutual fund trusts.

Real Estate

Transactions with Certain Officers of the Company

In 2005, in accordance with employment arrangements made with an officer of Dundee Realty, Dundee Realty agreed to sell 4% of its interest, net of debt, in The Distillery Historic District to such officer at Dundee Realty's cost of approximately $365,000 and agreed to permit such executive to participate to the extent of 10% in a $6,601,000 loan made to the co-owners of The Distillery Historic District.

Dundee Realty provided a loan to an officer. At December 31, 2008, the amount outstanding was $517,000 (2007 - $425,000). The loan accrues interest at 3% per annum and is secured by a deed of trust on a residential property.

In 2007, Dundee Realty issued a promissory note bearing interest at a rate of prime plus 1% to the non-controlling shareholder in the amount of $8,917,000. The loan was repaid in 2008.

Dundee Realty Asset Management Agreement
Effective August 24, 2007 and subsequent to the disposition by Dundee REIT of certain properties to GE (note 3), Dundee Realty entered into an asset management agreement with Dundee REIT pursuant to which Dundee Realty provides certain asset management services to Dundee REIT and its subsidiaries. The asset management agreement provides for a broad range of asset management services, the remuneration for which includes: a base annual management fee, an incentive fee based on exceeding certain benchmarks relating to funds from operations, and certain other fees as defined in the agreement. For the year ended December 31, 2008, Dundee Realty received fees of $6,213,000 (2007 - $2,122,000).

27. FUTURE ACCOUNTING CHANGES

Asset Recognition Including Goodwill and Intangible Assets
Amendments to CICA handbook section 1000, "*Financial Statement Concepts*" and new CICA handbook section 3064, "*Goodwill and Intangible Assets*", which replaces CICA handbook section 3062, "*Goodwill and Other Intangible Assets*", have been issued and apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. This guidance reinforces the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition. Under the amendments to CICA handbook section 1000, effective January 1, 2009, the deferral and matching of operating expenses over future revenues is no longer appropriate. The Company is currently assessing the impact of this new accounting guidance.

Business Combinations
In January 2009, the CICA issued CICA handbook section 1582, "*Business Combinations*", section 1601, "*Consolidations*", and section 1602, "*Non-controlling Interests*". These sections replace the former CICA handbook section 1581, "*Business Combinations*" and section 1600, "*Consolidated Financial Statements*" and establish a new section for accounting for a non-controlling interest in a subsidiary.

CICA handbook section 1582 establishes standards for accounting for a business combination. It provides the Canadian equivalent to IFRS 3, "*Business Combinations*" (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011.

CICA handbook section 1601 establishes standards for the preparation of consolidated financial statements.

CICA handbook section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is the equivalent of the corresponding provisions of IFRS IAS 27, "*Consolidated and Separate Financial Statements*" (January 2008).

CICA handbook section 1601 and section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. Section 1582, section 1601 and section 1602 must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

International Financial Reporting Standards

In February 2008, the CICA AcSB confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption being allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there may be significant differences with respect to recognition, measurement and disclosure that may materially impact the Company's consolidated financial statements.

The implementation of IFRS will apply to the Company's interim and annual financial statements beginning on or after January 1, 2011, including the restatement of comparative amounts for 2010. As a result, the Company has established an IFRS implementation committee with a mandate to oversee the conversion process, including any impact that the conversion may have on business practices, systems and internal controls over financial reporting. During the year, the implementation committee completed an initial analysis of the significant differences between IFRS and the Company's current accounting policies, including an assessment of the impact of various accounting alternatives offered pursuant to IFRS. The implementation committee also implemented an education program for key employees responsible for financial reporting.

28. SUBSEQUENT EVENTS

In April 2008, EII and its joint venture partner, Atlas Petroleum Exploration Worldwide Ltd. (“APEX”) entered into a farmout agreement with Delta Hydrocarbons B.V. (“Delta”), whereby Delta acquired a 50% participation in the Sfax Exploration Permit, effectively reducing EII’s 45% interest in the Sfax Exploration Permit to 22.5%, subject to a commitment to spend US$125,000,000 (the “Spending Commitment”). If Delta does not fulfill the Spending Commitment, EII’s interest in the permit would revert to 45%. To date, Delta has spent approximately US$110,000,000 of its commitment.

On January 27, 2009, Delta notified EII and APEX of its desire to market its participating interest under the farmout agreement. Under the terms of the joint operating agreement, EII has a right of first offer, and together with APEX, responded with a settlement offer on February 26, 2009. Depending on the outcome of the discussions between the joint venture partners, Delta’s interest in the joint venture may be reversed, reverting EII’s interest to 45%. If reversed, EII would be responsible for 45% of future expenditures.

29. DIFFERENCES BETWEEN CANADIAN AND UNITED STATES GENERALLY ACCEPTED ACCOUNTING PRINCIPLES

The Company's 2008 and 2007 audited consolidated financial statements have been prepared in accordance with Canadian GAAP. These principles differ, in the following material respects, with those principles that the Company would have followed had its audited consolidated financial statements been prepared in accordance with generally accepted accounting principles in the United States ("US GAAP").

a) FAIR VALUE OPTION

Canadian GAAP requires that the Company account for investments in which it has significant influence using the equity method, whereby the Company recognizes in its earnings, its proportionate share of earnings or losses of the underlying equity accounted investment, including its proportionate share of income recorded as discontinued operations and any other-than-temporary impairments. Under US GAAP, Statement of Financial Accounting Standard ("SFAS") 159, "*The Fair Value Option for Financial Assets and Financial Liabilities*", allows an entity the irrevocable option to elect fair value for the initial and subsequent measurement of certain financial assets and liabilities, including those investments where the Company exercises significant influence. The Company elected the fair value option in respect of its equity accounted investments effective January 1, 2007 and accordingly, for US GAAP purposes, these investments are accounted for at their fair value with the change in the fair value recognized in earnings. Any interest or dividends earned from these financial instruments are recognized in investment income.

Canadian GAAP requires that equity accounted investments be assessed for other-than-temporary impairment if the market value of the equity accounted investment is below its carrying value for a significant or prolonged period of time. During 2008, the Company recognized an other-than-temporary impairment on its equity accounted investments. For US GAAP purposes, this other-than-temporary impairment has been reversed, as equity accounted investments are carried at their fair value.

b) INCOME TAXES

The Company has adopted Financial Accounting Standards Board ("FASB") interpretation No. 48 "*Accounting for Uncertainty in Income Taxes – an interpretation of FASB Statement No. 109"* ("FIN 48"). FIN 48 clarifies the accounting for uncertainty in income taxes recognized in an enterprise's financial statements in accordance with FASB Statement No. 109 "Accounting for Income Taxes". The application of FIN 48 did not impact the Company in 2008 and 2007.

c) STOCK BASED COMPENSATION

Prior to 2006, under US GAAP, the Company followed the principles of Accounting Principles Board ("APB") No. 25 "*Accounting for Stock Issued to Employees*", as amended by SFAS 123 "*Accounting for Stock-Based Compensation*", for purposes of measuring stock based compensation using the intrinsic method. Under this method, compensation expense was measured as the excess, if any, of the quoted market price of the Company's shares over the award's exercise price, as measured on the measurement date. This compensation expense was reflected over the vesting periods of the underlying awards. The Company's stock-based awards were granted with an exercise price equal to market value and do not include a cash-settlement feature. Accordingly, no compensation expense was recognized under US GAAP. However, effective January 1, 2006, the Company adopted SFAS 123R *"Share-Based Payment",* which is similar to CICA Handbook Section 3870 "*Stock-Based Compensation*", which requires the recognition of stock-based compensation at fair value. As a result, the Company has no US and Canadian GAAP differences for stock-based awards issued after January 1, 2006. Amounts in 2008 relating to differences in stock-based compensation between Canadian and US GAAP relate to the exercise of stock-based awards in 2008 that had been granted prior to January 1, 2006.

d) COSTS INCURRED TO SELL REAL ESTATE PROJECTS

In prior years, Canadian GAAP permitted the capitalization of certain selling costs relating to housing and condominium projects, with such amounts being subsequently expensed as part of cost of goods sold when revenue was recognized on the sale of the project. Pursuant to US GAAP, these costs may only be capitalized if there is reasonable assurance that these costs will be recovered and if they have been incurred for tangible assets to be used throughout the selling period to assist in the sale of the project, or for costs of services to obtain regulatory approval of such sales. As disclosed in note 2, effective January 1, 2008, the Company adopted CICA handbook section 3031 *"Inventories",* which resulted in an adjustment to opening retained earnings. This new section has similar requirements to US GAAP in respect of these selling costs. As a result, effective January 1, 2008, there are no continuing US/Canadian GAAP differences in this respect.

e) PRE-OPERATING EXPENDITURES

In prior years, the Company incurred pre-operating expenditures in respect of the start up of the Dundee Bank of Canada. Under Canadian GAAP, such expenditures were deferred and were being amortized to income over five years. Under US GAAP, such expenditures must be expensed as incurred. In fiscal 2007, the Company disposed of the Dundee Bank of Canada and recognized the pre-operating expenditures in discontinued operations for Canadian GAAP purposes. Under US GAAP, these pre-operating expenditures had already been expensed in prior years. As a result, in fiscal 2007, for US GAAP purposes the Company reversed the recognition of the pre-operating expenditures in discontinued operations. In fiscal 2008, the Company had no continuing US/Canadian GAAP difference in this respect.

f) AVAILABLE-FOR-SALE SECURITIES

Prior to January 1, 2007, the Company's corporate investments were carried at cost. In fiscal 2007, the Company adopted CICA handbook section 3855 "*Financial Instruments – Recognition and Measurement"*, which has similar requirements to SFAS 115 *"Accounting for Certain Investments in Debt and Equity Securities"*, whereby investments which meet the available-for-sale criteria are reported at their fair value, with unrealized gains and losses, net of taxes, reported as part of comprehensive income. Unrealized losses on available-for-sale securities that are determined to be other-than-temporary are included in operations. As a result, beginning in fiscal 2007, there are no significant continuing US/Canadian GAAP differences in accounting for these investments.

EFFECT OF DIFFERENCES BETWEEN CANADIAN AND US GAAP ON THE CONSOLIDATED FINANCIAL STATEMENTS

Application of the above referenced standards, as previously described, would have the following approximate effects on the audited consolidated balance sheets and the audited consolidated statements of operations and comprehensive (loss) income of the Company as at and for the years ended December 31, 2008 and 2007.

DIFFERENCES IN THE CONSOLIDATED BALANCE SHEETS	*Ref*	2008	2007
Increase (decrease) in equity accounted investments			
Adjustment for fair value option	(a)	$(54,959)	$124,657
Decrease in capital, real estate and other assets			
Adjustment for costs incurred to sell real estate projects	(d)	-	(7,979)
Increase (decrease) in associated future income tax liabilities			
Adjustment for fair value option	(a)	(10,477)	31,335
Adjustment for costs incurred to sell real estate projects	(d)	-	(2,769)
Increase (decrease) in non controlling interest			
Adjustment for stock based compensation	(c)	(3,565)	(3,565)
Adjustment for costs incurred to sell real estate projects	(d)	-	(1,534)
Decrease in share capital			
Adjustment for stock based compensation	(c)	(285)	(249)
Decrease in contributed surplus pursuant to APB No. 25	(c)	(1,490)	(1,526)
Increase (decrease) in retained earnings			
Adjustment for fair value option	(a)	(47,601)	91,380
Adjustment for stock based compensation	(c)	5,340	5,340
Adjustment for costs incurred to sell real estate projects	(d)	-	(3,676)
Adjustment for available-for-sale securities	(f)	-	(370)
Increase in accumulated other comprehensive (loss) income			
Adjustment for fair value option	(a)	3,119	1,942
Adjustment for available-for-sale securities	(f)	-	370

As at December 31, 2008, the Company's shareholders' equity, prepared in accordance with US GAAP would have been $839,922,000 (2007 – $1,213,467,000).

The following summarizes the consolidated statements of operations amounts in accordance with US GAAP, where such items differ from the amounts reported under Canadian GAAP, all as described above.

DIFFERENCES IN (LOSS) EARNINGS FROM CONTINUING OPERATIONS	*Ref*	2008	2007
Net (loss) earnings from continuing operations under Canadian GAAP		$(196,261)	$277,639
Adjustments for US GAAP			
Adjustment for mark-to-market adjustments pursuant to SFAS 159	(a)	(331,852)	(88,318)
Adjustment to operating costs, real estate	(d)	-	(5,514)
Adjustment to share of losses (earnings) from equity accounted investees pursuant to SFAS 159	(a)	35,690	(29,932)
Adjustment to fair value adjustments pursant to SFAS 159	(a)	114,564	-
Effect of non controlling interest in (loss) earnings			
Adjustment for costs incurred to sell real estate projects	(d)	-	740
Increase in income tax recovery			
Adjustment for fair value option	(a)	42,184	-
Reduction in income tax expense			
Adjustment for fair value option	(a)	-	38,299
Adjustment for costs incurred to sell real estate projects	(d)	-	1,894
Net (loss) earnings from continuing operations under US GAAP		$(335,675)	$194,808

DIFFERENCES IN (LOSS) EARNINGS FROM DISCONTINUED OPERATIONS (net of tax)	*Ref*	2008	2007
Net earnings from discontinued operations under Canadian GAAP		$69	$16,094
Adjustments to US GAAP earnings from discontinued operations			
Adjustment to share of earnings from equity accounted investees	(a)	-	(95,909)
Adjustment for pre-operating expenditures	(e)	-	2,180
Net earnings (losses) from discontinued operations under US GAAP		$69	$(77,635)

The following summarizes the consolidated statement of comprehensive (loss) income amounts in accordance with US GAAP, where such items differ from the amounts reported under Canadian GAAP, all as described above.

DIFFERENCES IN THE CONSOLIDATED STATEMENTS OF COMPREHENSIVE (LOSS) INCOME	*Ref*	2008	2007
Net (loss) earnings under US GAAP		$(335,606)	$117,173
Other comprehensive loss under Canadian GAAP, net of tax		(24,503)	(27,143)
Changes related to accouning for equity accounted investments, net of tax	(a)	1,177	10,207
Transfer of unrealized losses on available-for-sale securities to net earnings, net of tax	(f)	(370)	-
		$(359,302)	$100,237

The effect of the above changes to the calculation of (loss) earnings per share is detailed below.

(Loss) earnings per share	Canadian GAAP		US GAAP	
	2008	2007	2008	2007
Basic				
Continuing operations	$(2.62)	$3.68	$(4.49)	$2.58
Discontinued operations	$-	$0.22	$-	$(1.03)
	$(2.62)	$3.90	$(4.49)	$1.55
Dilutive				
Continuing operations	$(2.62)	$3.49	$(4.49)	$2.43
Discontinued operations	$-	$0.29	$-	$(0.89)
	$(2.62)	$3.78	$(4.49)	$1.54

FUTURE ACCOUNTING CHANGES

In December 2007, the FASB issued SFAS 141 "*Business Combinations (revised 2007)*" ("SFAS 141R"). SFAS 141R requires an acquirer to recognize the assets acquired, the liabilities assumed, and any non-controlling interest in the acquiree at the acquisition date, at their fair values as of that date, with limited exceptions specified in the Statement. SFAS 141R applies prospectively to business combinations for which the acquisition date is on or after January 1, 2009.

In December 2007, the FASB issued SFAS 160 "*Non-controlling Interests in Consolidated Financial Statements – An Amendment of ARB No. 51*" ("SFAS 160"). SFAS 160 establishes accounting and reporting standards for the non-controlling interest in a subsidiary and for the deconsolidation of a subsidiary. It clarifies that a non-controlling interest in a subsidiary is an ownership interest in the consolidated entity that should be reported as equity in the consolidated financial statements. SFAS 160 applies prospectively to business combinations for which the acquisition date is on or after January 1, 2009. The Company is currently evaluating the impact of this standard.

Exhibit 99.3

DUNDEE CORPORATION

MANAGEMENT'S DISCUSSION AND ANALYSIS
December 31, 2008

Management's Discussion and Analysis

Dundee Corporation (the "Company" or "Dundee Corporation" or "we") is an asset management company dedicated to private wealth management, real estate and resources. Certain of these activities are carried out directly, through wholly or partially owned subsidiaries, while others are undertaken through equity accounted or portfolio investment holdings. Dundee Corporation's investment holdings include publicly listed and private companies in a variety of sectors, as well as investments in liquid securities such as mutual funds. The Company is listed on the Toronto Stock Exchange ("TSX") under the symbol DC.A.

This Management's Discussion and Analysis has been prepared with an effective date of March 31, 2009 and should be read in conjunction with, the audited consolidated financial statements of the Company, including the notes thereto, as at and for the year ended December 31, 2008 ("2008 Audited Consolidated Financial Statements"). Financial data has been prepared in accordance with Canadian generally accepted accounting principles ("Canadian GAAP") unless otherwise specified. All amounts are in Canadian dollars, unless otherwise specified.

The Company holds investments in various industry sectors and our ownership interest in these investments is established through different, and sometimes complex structures. Our investments are accounted for as follows:

(i) Available-for-sale ("AFS") securities are carried on the balance sheet at fair value with unrealized gains and losses included in accumulated other comprehensive income ("AOCI"). When an unrealized loss on an investment is determined to be other-than-temporary, the unrealized loss in AOCI is removed and an impairment is recognized on the investment through net earnings.

(ii) The carrying values of our investments that are classified as equity-accounted investees are adjusted by our share of earnings or losses in the investee, and by any dilution in ownership. Our share of earnings from equity accounted investees is reported in our consolidated statements of operations as "Share of earnings of equity accounted investees". In addition, we may recognize a fair value adjustment against the carrying values of our equity accounted investments if their fair value falls below their carrying value and we determine that the decrease in fair value is other-than-temporary in nature.

(iii) Our subsidiaries are not recorded as individual investments. Instead, these subsidiaries are consolidated in these financial statements, and 100% of the investments' accounts are recorded on a line-by-line basis in our own consolidated balance sheets and consolidated statements of operations, subject to non-controlling interest.

OPERATING SEGMENTS AND SIGNIFICANT INVESTMENTS

Wealth Management

The wealth management segment includes the operations of our subsidiary, DundeeWealth Inc. ("DundeeWealth"). DundeeWealth is a Canadian owned, independent wealth management company that provides diversified wealth management and investment solutions including alternative and tax-advantaged products, capital markets and advisory services to financial advisors, institutions, corporations and foundations, and innovative wealth management through independent financial advisors across Canada. DundeeWealth is listed on the TSX under the symbol DW. Additional information regarding DundeeWealth may be accessed at www.dundeewealth.com.

Our wealth management segment also includes our recently established wholly owned subsidiary, Ravensden Asset Management Inc. which is registered as an Investment Counsel and Portfolio Manager in the province of Ontario, as well as our international banking activities which are carried out through offices in Bermuda and the Cayman Islands.

Real Estate

The real estate segment includes the operations of our 75% interest in Dundee Realty Corporation ("Dundee Realty"), a company operating in the real estate asset management business, with activities in a land and housing business in Canada and the United States. Land and housing activities are supplemented by a portfolio of select income generating properties and by our 21% interest in Dundee Real Estate Investment Trust ("Dundee REIT") (www.dundeereit.com).

Resources
Activities in our resources segment are carried out through Dundee Resources Limited ("Dundee Resources"), a wholly owned subsidiary of the Company. Operations in our resources segment are carried out through our 53% interest in Eurogas Corporation ("Eurogas") (www.eurogascorp.com), which is involved in natural gas storage activities in Spain, as well as our 53% interest in Eurogas International Inc. ("EII") which carries out oil and gas exploration and development, with interests in Tunisia. The resources segment includes various other portfolio holdings, including our 20% interest in Dundee Precious Metals Inc. ("Dundee Precious") (www.dundeeprecious.com), and our 25% interest in Breakwater Resources Ltd. ("Breakwater") (www.breakwater.ca), both of which are accounted for on an equity basis.

Other Investments and Corporate Costs
Our remaining investments and the operating results from these investments have been included in the other investments and corporate costs segment. These investments include both publicly traded and private companies in a variety of sectors as well as liquid securities such as mutual funds. This segment also includes general corporate overhead costs, interest and stock based compensation costs of the Company that are not specifically allocated to any operating division.

Significant Investments
The following table lists the more significant investments in our portfolio as at December 31, 2008, including our percentage ownership interest, the accounting treatment used to account for our investment, the book value of the investment at December 31, 2008 (other than for consolidated subsidiaries), and the market values for investments that are publicly listed securities, determined using quoted trading prices as at December 31, 2008.

(in thousands of dollars except percentages)

Investment Holding	Accounting Treatment	Book Value	Market Value (c)	31-Dec-08 Percentage Owned		31-Dec-07 Percentage Owned	
Wealth Management Segment							
DundeeWealth Inc. (a)	Consolidation	$N/A	$371,413	49	%	45	%
Real Estate Segment							
Dundee Realty Corporation	Consolidation	N/A	N/A	75	%	77	%
Dundee Real Estate Investment Trust (b)	Equity	96,337	52,515	21	%	17	%
Resources Segment							
Eurogas Corporation	Consolidation	N/A	25,356	53	%	51	%
Eurogas International Inc.	Consolidation	N/A	N/A	53	%	N/A	
Dundee Precious Metals Inc.	Equity	37,952	29,119	20	%	20	%
Breakwater Resources Ltd.	Equity	13,560	13,560	25	%	25	%

(a) The Company maintains an approximate 63% voting interest in DundeeWealth.
(b) Approximately 82% of our interest in Dundee REIT is held through units of Dundee Properties Limited Partnership ("DPLP"), with the remainder in publicly traded Dundee REIT units. The DPLP units are convertible, at the Company's option into units of Dundee REIT on a one-for-one basis.
(c) See "Available-for-Sale Securities" and "Equity Accounted Investments".

PERFORMANCE MEASURES AND BASIS OF PRESENTATION

Our consolidated financial statements are prepared in accordance with Canadian GAAP and are reported in Canadian dollars. We believe that important measures of our operating performance and the operating performance of our subsidiaries include certain measures that are not defined under Canadian GAAP and, as such, may not be comparable to similar measures used by other companies. Throughout this discussion, there will be references to the following performance measures which management believes are relevant in assessing the economics of our business:

- "AUM" or "Assets under Management" represent the period-end market value of client assets managed by DundeeWealth on a discretionary basis and in respect of which DundeeWealth earns investment management fees and, in certain cases, performance fees. AUM are not reflected on our consolidated balance sheets.
- "AUA" or "Assets under Administration" represent the approximate period-end market value of client assets administered by DundeeWealth and in respect of which DundeeWealth earns commissions, trailer service fees and administrative or other similar fees. AUA are not reflected on our consolidated balance sheets.
- "EBITDA" represents earnings before interest, taxes, depreciation and amortization. We use this measure as a supplement to net earnings and cash flows.
- "Operating Earnings Before Interest, Taxes and Other Non-Cash Items" or "Operating EBITDA" and "Operating Earnings" are set out in the consolidated statements of operations of the Company. While these measures are non-GAAP, the Company uses them as supplementary measures to net earnings.

SELECTED CONSOLIDATED FINANCIAL INFORMATION OF DUNDEE CORPORATION

(in thousands of dollars, except for number of shares and amounts per share)

As at and for the years ended December 31,	2008	2007	2006
Total assets	$3,080,960	$3,609,096	$3,549,434
Corporate debt	529,507	355,714	419,713
Future income tax liabilities	3,024	134,862	87,143
Client deposits and related liabilities	408,647	423,320	269,636
Liabilities of discontinued operations	-	2,395	940,494
Other liabilities	343,452	546,480	399,928
Preference shares of DundeeWealth	152,978	152,655	-
Preference shares, series 1	147,371	147,020	141,902
Non-controlling interest	615,142	726,394	471,313
	2,200,121	2,488,840	2,730,129
Net assets represented by common shares	880,839	1,120,256	819,305
Revenue	1,228,655	1,398,932	1,113,265
Net (loss) earnings from continuing operations	(196,261)	277,639	98,582
Net (loss) earnings for the year	(196,192)	293,733	93,689
Weighted average number of common shares (in thousands of shares)			
Basic	74,805	75,412	75,183
Diluted	n/a	78,519	77,966
Net (loss) earnings per share - Basic			
Continuing	$(2.62)	$3.68	$1.31
Discontinued	-	0.22	(0.06)
	$(2.62)	$3.90	$1.25
Net (loss) earnings per share - Diluted			
Continuing	$(2.62)	$3.49	$1.19
Discontinued	-	0.29	(0.06)
	$(2.62)	$3.78	$1.13

CONSOLIDATED RESULTS OF OPERATIONS

Year ended December 31, 2008 compared with the Year ended December 31, 2007

Consolidated Net (Losses) Earnings

In the midst of a deepening credit crisis and related concerns over its impact on the global economy, stock markets around the world tumbled in the latter part of the third quarter of 2008. Equity values, which declined sharply in reaction to recessionary pressures in Europe, demand concerns in Asia, and the credit crisis in the U.S. financial system, directly impacted our AUM and AUA levels as well as the market value of our investments in all sectors. Contributing to this reduction were reduced commodity prices that likewise impacted the value of our resource-based AFS securities as well as the operating results of our resource-based equity accounted investments. Concerns about the state of the economy have caused downward pressure on the sales prices of real estate assets.

These events provide the framework for our year end negative adjustment to both our investment portfolio and our equity accounted investees, resulting in net losses for 2008 of $196.2 million, representing a diluted loss per share of $2.62. This compares with net earnings in 2007 of $293.7 million or diluted earnings per share of $3.78.

Aggregate adjustments against our investments were $385.3 million, before taxes and non-controlling interest of $197.1 million. Approximately $114.2 million of this adjustment was in respect of our equity-accounted investments, $213.8 million related to DundeeWealth's portfolio of asset backed commercial paper ("ABCP") and collateralized loan obligations ("CLOs") and $57.3 million related to other investments in our portfolio of AFS securities.

Amidst these events, DundeeWealth attained record net sales levels of $3.4 billion in 2008, yet were overshadowed by $10.6 billion of market depreciation resulting in year end AUM levels of $25.4 billion, representing a 10% decline from 2007. Unlike prior years, where performance fee revenues were an important element of total revenues for DundeeWealth, no performance fee revenues were earned in the current year because of rapid market value deterioration and the related impact on investment performance experienced in the latter part of 2008. Year-over-year, DundeeWealth's performance fee revenue dropped by $99 million ($81 million, net of related expenses).

In 2008, DundeeWealth embarked on a plan for the integration of its investment management, manufacturing and distribution activities, the realignment of its capital markets division and the unification of its back office support service in order to enhance service levels and achieve greater efficiency in delivery and costs. Severance costs incurred in 2008 aggregated $23.6 million however, these costs are expected to result in annualized cost savings of approximately $50 million, associated with the rationalization of 360 jobs and related costs. In line with this strategic direction, DundeeWealth sold its Quebec-based mutual fund dealer and insurance distribution operations to Industrial Alliance and Financial Services Inc. ("Industrial Alliance"). DundeeWealth incurred a loss on this disposition of $17.7 million, relating to the disposition of the underlying goodwill and other intangible assets relating to this business which DundeeWealth had originally acquired as part of a larger acquisition in 2003.

Operating earnings from continuing operations, net of non-controlling interests in our real estate division continued to make a significant contribution to our overall results of $72.2 million in 2008 compared with $123.9 million in 2007. Despite the decline in the Alberta housing market, Dundee Realty's land and housing operations remained strong. During the prior year, Dundee REIT completed a transaction with GE Real Estate ("GE") pursuant to which Dundee REIT sold certain properties to GE. Our share of the gain realized by Dundee REIT in respect of the sale of these properties, aggregating $95.9 million after tax, was included as discontinued operations in 2007.

Immediately following the transaction with GE, Dundee Realty established an asset management and advisory services business through which it provides third party management and advisory services to the real estate sector including sourcing, acquiring and management of commercial and residential real estate. Dundee Realty currently has approximately $5 billion of fee generating real estate assets under management on behalf of its clients, which includes Dundee REIT, and earned management fee revenues of $16.3 million in 2008.

In the wake of declining growth in the economy, equity markets appear to be concerned that the world economy may lessen the demand for resources. As a result, all commodity prices, with perhaps the exception of gold, have fallen sharply on equity exchanges around the world. These factors have had an adverse effect on the trading value of many of our resource-based investments, some of which experienced precipitous declines in market capitalization. Net earnings from the resources segment declined from $7.8 million to a loss of $191.8 million in 2008. Losses in 2008 include our share of losses incurred by our equity accounted investees of $37.2 million and the recognition of adjustments to carrying value with respect to our equity accounted investees of $114.2 million. In 2007, we recognized earnings of $13.9 million in respect of these investments.

Selected Consolidated Segmented Earnings Information

(in thousands of dollars)

For the year ended December 31,	2008	2007
Wealth management	$(145,250)	$86,772
Real estate	72,243	123,875
Resources	(191,822)	7,833
Other investments and corporate costs	(13,671)	10,766
Intersegment	3,272	3,272
	(275,228)	232,518
Dilution gains from consolidated subsidiaries	578	136,591
Income taxes	78,389	(91,470)
Net (loss) earnings from continuing operations	(196,261)	277,639
Gain (loss) from discontinued operations of DundeeWealth, net of tax and non-controlling interest	69	(79,815)
Share of earnings of discontinued operations of Dundee REIT, net of tax	-	95,909
	$(196,192)	**$293,733**

In the prior year, DundeeWealth initiated several transactions which resulted in the discontinuance of its domestic banking activities. Operations from these activities prior to their sale were included in the financial statements as discontinued operations. In a related transaction, the Bank of Nova Scotia invested $348.3 million in DundeeWealth to acquire an approximate 18% interest in DundeeWealth. Combined with DundeeWealth's buyout of the interest of a non-controlling shareholder in its underlying operating subsidiaries, which was completed in the first quarter of 2007, these transactions contributed to dilution gains of $136.6 million in 2007.

Available-for-Sale Securities

(in thousands of dollars)

	2008	2007
Fair value of available-for-sale securities, beginning of year	$645,181	$187,989
Transactions for the year		
New investments	80,889	663,403
Proceeds from sales of securities	(116,201)	(84,165)
Changes in unrealized gains in available-for-sale securities	(308,564)	(123,314)
Other transactions	(6,575)	1,268
Fair value of available-for-sale securities, end of year	**$294,730**	**$645,181**
Represented by:		
Asset-backed commercial paper	$169,478	$283,305
Collateralized loan obligations	16,645	86,589
Mutual funds managed by a subsidiary	68,194	171,779
Other	40,413	103,508
Fair value of available-for-sale securities, end of year	**$294,730**	**$645,181**

During 2008, we invested cash of $80.9 million in our AFS investment portfolio, including approximately $24.9 million in resource-based investments and approximately $56.0 million in short term investments and other securities. Proceeds from the sale of AFS securities were $116.2 million during 2008 and consisted primarily of the sale of mutual fund investments.

Equity Accounted Investments

(in thousands of dollars)

	2008	2007
Carrying value of equity accounted investments, beginning of year	$289,041	$336,697
Transactions for the year		
Cash invested in equity accounted investees	22,056	50,548
Share of earnings of equity accounted investees-continuing operations	(14,231)	34,134
Share of property impairment losses of equity accounted investees	(21,459)	(4,202)
Share of earnings of equity accounted investees-discontinued operations	-	112,834
Share of other comprehensive loss of equity accounted investees	(1,802)	(14,311)
Cost of investments sold	(327)	(34,326)
Cash received from redemption of Dundee REIT units	-	(183,996)
Fair value adjustment	(114,194)	-
Other transactions	1,255	(8,337)
Carrying value of equity accounted investments, end of year	**$160,339**	**$289,041**

During 2008, Eurogas completed a transaction in respect of its underground natural gas storage facility project, which diluted its interest in Escal UGS S.L. ("Escal"), through which Eurogas carries on these activities, to approximately 33%. Effective May 18, 2008, Escal is being carried in our consolidated financial statements as an equity accounted investee with a book value of approximately $6.0 million.

In August 2008, Dundee Resources acquired 10 million common shares of Odyssey, a Canadian-based junior mining exploration company whose focus has been in Morocco and Turkey. As a result of this transaction, Dundee Resources' interest in Odyssey increased to 43% and the Company began accounting for this investment on an equity basis.

(in thousands of dollars except percentages)

	2008			2007		
	Ownership	Carrying Value	Market Value	Ownership	Carrying Value	Market Value
Breakwater Resources Ltd.	25 %	$13,560	$13,560	25 %	$83,523	$184,684
Dundee Precious Metals Inc.	20 %	37,952	29,119	20 %	96,146	91,309
Dundee Real Estate Investment Trust (a)	21 %	96,337	48,537	17 %	95,056	111,728
Escal UGS S.L. (b)	33 %	5,975	5,975		-	-
Odyssey Resources Ltd.	43 %	2,842	1,250		-	-
Other		3,673	3,608		14,316	14,959
		$160,339	**$102,049**		**$289,041**	**$402,680**

(a) Fair value is determined net of our obligation to deliver Dundee REIT units pursuant to the terms of our Exchangeable Debentures of $9.5 million.

(b) Our 33% interest in Escal UGS S.L. is held through Eurogas' 74% owned subsidiary, Castor UGS Limited Partnership, giving Eurogas an effective 25% interest in Escal.

The aggregate market value of our equity accounted investments as at December 31, 2008, is $102.0 million. Market value is generally determined using quoted market prices where available, and carrying values for non-quoted securities such as our investment in Escal. In certain circumstances, we do not believe that current trading prices are a true measure of the fair value of the investment. Subsequent to December 31, 2008, and following the recent credit crisis and significant declines in commodity prices, the market value of our equity-accounted subsidiaries, measured using current trading prices, has continued to deteriorate. As at December 31, 2008, the Company completed an impairment assessment and determined that there was enough evidence to support an impairment that was other-than-temporary in our equity accounted investments. Consequently, a negative adjustment of $114.2 million was recognized.

SEGMENTED RESULTS OF OPERATIONS

(in thousands of dollars) **2008**

For the year ended December 31, 2008	Wealth Management	Real Estate	Resources	Other Investments and Corporate Costs	Intersegment	TOTAL
REVENUES						
Management fees	$ 464,288	$-	$ -	$ -	$ -	$464,288
Redemption fees	16,833	-	-	-	-	16,833
Financial services	325,861	-	-	1,022	(1,523)	325,360
Real estate revenues	-	400,925	-	-	-	400,925
Investment income (loss)	16,959	(303)	3,105	11,390	(9,902)	21,249
	823,941	400,622	3,105	12,412	(11,425)	1,228,655
EXPENSES						
Selling, general and administrative	320,394	6,843	6,555	10,887	(1,522)	343,157
Variable compensation	229,137	-	-	-	-	229,137
Trailer service fees	134,234	-	-	-	-	134,234
Operating costs, real estate	-	286,538	-	-	-	286,538
	683,765	293,381	6,555	10,887	(1,522)	993,066
OPERATING EBITDA	140,176	107,241	(3,450)	1,525	(9,903)	235,589
Amortization of deferred sales commissions	81,868	-	-	-	-	81,868
Depreciation, depletion and amortization	15,203	4,111	113	1,982	-	21,409
Fair value adjustment of available-for-sale securities	-	-	-	-	-	-
Interest expense	21,526	9,789	4,284	9,484	(13,175)	31,908
Equity losses (earnings)	-	(1,468)	37,158	-	-	35,690
Fair value adjustments	231,008	-	149,533	4,751		385,292
Foreign exchange loss (gains)	14,044	-	(1,744)	293	-	12,593
Gain on exchangeable debentures	-	-	-	(1,314)	-	(1,314)
OPERATING EARNINGS (LOSS) BEFORE UNDERNOTED ITEMS	(223,473)	94,809	(192,794)	(13,671)	3,272	(331,857)
Loss on sale of subsidiary	(17,679)	-	-	-	-	(17,679)
Non-controlling interest	95,902	(22,566)	972	-	-	74,308
NET (LOSS) EARNINGS BEFORE NON-SEGMENTED ITEMS	(145,250)	72,243	(191,822)	(13,671)	3,272	(275,228)
Dilution gains						578
Income taxes						78,389
Net (loss) earnings from continuing operations	(145,250)	72,243	(191,822)	(13,671)	3,272	(196,261)
Earnings from discontinued operations of DundeeWealth, net of tax and non-controlling interest	69	-	-	-	-	69
Share of earnings of discontinued operations of Dundee REIT, net of tax	-	-	-	-	-	-
NET (LOSS) EARNINGS FOR THE PERIOD	$ (145,181)	$72,243	$(191,822)	$ (13,671)	$ 3,272	**$(196,192)**

(in thousands of dollars) **2007**

For the year ended December 31, 2007	Wealth Management	Real Estate	Resources	Other Investments and Corporate Costs	Intersegment	TOTAL
REVENUES						
Management fees	$ 557,268	$-	$ -	$ -	$ -	$557,268
Redemption fees	14,725	-	-	-	-	14,725
Financial services	417,334	-	393	2,996	(2,489)	418,234
Banking interest income	-	-	-	-	-	-
Real estate revenues	-	355,862	-	-	-	355,862
Investment income (loss)	18,124	21,821	4,079	20,243	(11,424)	52,843
	1,007,451	377,683	4,472	23,239	(13,913)	1,398,932
EXPENSES						
Selling, general and administrative	322,013	7,984	7,754	12,204	(2,039)	347,916
Variable compensation	283,058	-	-	-	-	283,058
Trailer service fees	129,355	-	-	-	-	129,355
Banking interest expense	-	-	-	-	-	-
Operating costs, real estate	-	229,909	-	-	-	229,909
	734,426	237,893	7,754	12,204	(2,039)	990,238
OPERATING EBITDA	273,025	139,790	(3,282)	11,035	(11,874)	408,694
Amortization of deferred sales commissions	67,508	-	-	-	-	67,508
Depreciation, depletion and amortization	16,534	5,556	71	4,881	-	27,042
Interest expense	27,065	10,054	3,662	13,640	(15,146)	39,275
Equity earnings	-	(15,926)	(13,909)	(97)	-	(29,932)
Fair value adjustment of available-for-sale securities	37,607	-	-	-	-	37,607
Foreign exchange (gains) loss	(5,541)	-	46	82	-	(5,413)
Gain on exchangeable debentures	-	-	-	(18,237)	-	(18,237)
OPERATING EARNINGS (LOSS) BEFORE UNDERNOTED ITEMS	129,852	140,106	6,848	10,766	3,272	290,844
Investment provision	-	-	-	-	-	-
Non-controlling interest	(43,080)	(16,231)	985	-	-	(58,326)
NET EARNINGS BEFORE NON-SEGMENTED ITEMS	86,772	123,875	7,833	10,766	3,272	232,518
Dilution gains						136,591
Income taxes						(91,470)
Net earnings from continuing operations	86,772	123,875	7,833	10,766	3,272	277,639
Earnings from discontinued operations of DundeeWealth, net of tax and non-controlling interest	(79,815)	-	-	-	-	(79,815)
Share of earnings of discontinued operations of Dundee REIT, net of tax	-	95,909	-	-	-	95,909
NET EARNINGS FOR THE PERIOD	$ 6,957	$219,784	$7,833	$ 10,766	$ 3,272	**$293,733**

ANNUAL SEGMENTED RESULTS OF OPERATIONS

Year ended December 31, 2008 compared with the Year ended December 31, 2007

WEALTH MANAGEMENT SEGMENT

(in millions of dollars)

For the years ended December 31,	DundeeWealth 2008	DundeeWealth 2007	Other Wealth Management 2008	Other Wealth Management 2007	Intersegment Amounts 2008	Intersegment Amounts 2007	Consolidated Wealth Management Operations 2008	Consolidated Wealth Management Operations 2007
REVENUES								
Management fees	$459.7	$552.0	$7.8	$5.3	$(3.2)	$-	$464.3	$557.3
Redemption fees	16.8	14.7	-	-	-	-	16.8	14.7
Financial services	327.1	416.5	0.5	2.2	(1.7)	(1.4)	325.9	417.3
Investment income	15.8	20.9	1.2	(2.8)	-	-	17.0	18.1
	819.4	1,004.1	9.5	4.7	(4.9)	(1.4)	824.0	1,007.4
EXPENSES								
Selling, general and administrative	317.4	316.3	7.9	7.1	(4.9)	(1.4)	320.4	322.0
Variable compensation	229.2	283.1	-	-	-	-	229.2	283.1
Trailer service fees	134.2	129.4	-	-	-	-	134.2	129.4
	680.8	728.8	7.9	7.1	(4.9)	(1.4)	683.8	734.5
OPERATING EBITDA	138.6	275.3	1.6	(2.4)	-	-	140.2	272.9
Amortization of deferred sales commissions	81.9	67.5	-	-	-	-	81.9	67.5
Depreciation and amortization	14.8	14.0	0.4	2.5	-	-	15.2	16.5
Fair value adjustment to AFS securities	231.0	37.6	-	-	-	-	231.0	37.6
Foreign exchange	14.3	(6.0)	(0.3)	0.5	-	-	14.0	(5.5)
Interest expense	21.5	26.9	-	-	-	-	21.5	26.9
OPERATING (LOSS) EARNINGS BEFORE UNDERNOTED ITEMS	$(224.9)	$135.3	$1.5	$(5.4)	$-	$-	$(223.4)	$129.9
Loss on sale of subsidiary	(17.7)	-	-	-	-	-	(17.7)	-
(LOSS) EARNINGS BEFORE NON CONTROLLING INTEREST AND NON-SEGMENTED ITEMS	$(242.6)	$135.3	$1.5	$(5.4)	$-	$-	$(241.1)	$129.9

(a) Before income taxes, dilution gains (losses) and non-controlling interest

DUNDEEWEALTH

➢ **RESULTS OF OPERATIONS**

During 2008, DundeeWealth earned EBITDA of $138.6 million and incurred a net loss from continuing operations of $242.6 million before taxes and non-controlling interest. Included in 2008 results was a pre-tax adjustment charge of $231.0 million against the carrying value of certain AFS securities, relating primarily to DundeeWealth's investments in ABCP and CLOs.

By comparison, DundeeWealth earned EBITDA of $275.3 million and net earnings from continuing operations of $135.3 million, before taxes and non-controlling interest in 2007. Prior year earnings benefited from the exemplary performance returns in mutual funds and other products, which generated performance fee revenues, net of expenses, of approximately $81.5 million. No performance fee revenues were earned in 2008.

Also included in prior year results are losses from discontinued operations of $79.8 million, net of taxes and non-controlling interest, relating to DundeeWealth's banking operations which were disposed of late in that year.

(in millions of dollars)

	2008	2007
AUM, January 1,	$28,161	$23,809
Gross additions	8,699	7,296
Redemptions	(5,334)	(4,323)
Market (depreciation) appreciation	(10,565)	1,159
Acquisitions	4,581	69
Changes in discretionary assets under administration	(116)	151
AUM, December 31,	$25,426	$28,161
AUA, December 31,	22,141	32,329
Bank deposits, December 31,	4,653	2,883
Combined assets, December 31,	$52,220	$63,373

During 2008, DundeeWealth's AUM decreased to $25.4 billion, down $2.8 billion or 10% from $28.2 billion in the prior year. The decrease resulted primarily from market depreciation of $10.6 billion. Equity markets experienced sharp declines in the latter part of 2008 as the global economy entered a recession fuelled by the global credit crunch. The decline in AUM was partially offset by a record year of strong net sales. Net assets gathered were $3.4 billion in 2008, 13% higher than the $3.0 billion gathered in 2007. DundeeWealth's market share of mutual fund AUM remained consistent year-over-year at 3.03% at December 31, 2008 compared to 3.02% at December 31, 2007.

During 2008, DundeeWealth acquired BHR Fund Advisors, L.P. ("BHR"), a registered investment advisor, regulated by the U.S. Securities and Exchange Commission, as well as a 60% interest in Aurion Capital Management Inc. ("Aurion"), a Canadian institutional money manager. The acquisitions of Aurion and BHR increased AUM by $4.6 billion and accounted for $436.0 million of gross sales, $145.0 million of net sales and $1.2 billion of market depreciation in 2008.

The market environment throughout 2008 was characterized by a significant amount of volatility. The sub-prime mortgage meltdown and liquidity crisis continued to exert downward pressure on stock markets. During this challenging period, Dynamic FundsTM, the award winning investment brand managed by a subsidiary of DundeeWealth, led the industry in net sales of long-term funds[1] and ranked second in the industry in total net sales, based on data provided by the Investment Funds Institute of Canada.

Revenues from continuing operations during 2008 were $819.4 million, representing an 18% decline from consolidated revenues of $1,004.1 million in 2007. Management fee revenues decreased by 17% in 2008, reflecting both the impact of a decline in the value of AUM experienced by DundeeWealth in the last quarter of 2008 and the absence of performance fee revenues in 2008.

(in millions of dollars)

For the years ended December 31,	2008	% Change	2007
REVENUES			
Management fees	$459.7	(17 %)	$552.0
Redemption fees	16.8	14 %	14.7
Financial services	327.1	(21 %)	416.5
Other	15.8	(24 %)	20.9
	$819.4	**(18 %)**	**$1,004.1**

Management fee revenue in DundeeWealth is predominantly determined by the fair value of AUM calculated on the last business day of each month. Average AUM, before accounting for assets acquired as part of the Aurion and BHR transactions, increased to $25.6 billion during 2008 compared with $24.9 billion during 2007. The increase in average AUM resulted in a $12.5 million increase in management fee revenue in 2008. This increase was partially offset by a reduction in the average management fee rate earned on these assets from 1.73% in 2007 to 1.70% in the current year, thereby reducing management fee revenue by approximately $9.3 million. DundeeWealth's acquisitions of Aurion and BHR added another $7.0 million to management fee revenue in 2008.

Dampened by the same global economic conditions and volatility experienced in AUM levels, DundeeWealth's AUA decreased by $10.1 billion to $22.2 billion from $32.3 billion at December 31, 2007, including $2.3 billion of AUA, representing 91,000 accounts that were sold to Industrial Alliance. These factors, along with decreased activity generating commission revenues, continued to exert downward pressure on financial services revenues, which decreased by 21% during 2008 to $327.1 million from $416.5 million in the prior year. Financial services revenue for the financial advisory part of the business is derived primarily from commission revenue, trailer service fee revenue, and administrative fees or other similar fees related to the purchase, sale and administration of wealth management products and services and are driven by positive or negative movements in AUA.

[1] Long-term funds net asset gathering activities represent net asset gathering activities in AUM, exclusive of net asset gathering activities in money market funds.

As DundeeWealth's financial advisors operate through an open architecture advice network, they may provide their clients with a wide range of DundeeWealth's investment products for their portfolios. Transactions by financial advisors in DundeeWealth's own investment solutions strengthen growth in AUM. Commission and trailer service fee revenues earned by DundeeWealth's financial segment and paid by DundeeWealth's investment segment were $67.9 million in 2008 compared with $67.2 million in 2007. In accordance with accounting requirements, these intersegment commission and trailer service fee revenues are eliminated and excluded from the determination of consolidated financial services revenue.

Capital markets activities are conducted through DundeeWealth's IIROC (Investment Industry Regulatory Organization of Canada, formerly the "IDA") member firm, Dundee Securities Corporation ("Dundee Securities"). Aggregate revenues from capital markets activities were $69.1 million in 2008 compared with $110.7 million in the prior year.

Although there were several large transactions and advisory engagements during the earlier part of 2008, industry statistics suggest that financing activity in Canada has dropped by 31.5% year-over-year, representing a new issue value decrease of 23% relative to 2007. Consistent with these industry results, new issue and advisory revenue in DundeeWealth's capital markets division declined by 46% to $33.1 million in 2008, compared with $61.4 million earned in the previous year. The mining and growth industrial sectors dominated corporate finance activities in 2008, accounting for 77% of aggregate new issue and advisory revenue. The oil and gas sector accounted for a further 12% of revenues in 2008, while the biotechnology, real estate and alternative energy sectors combined for the remaining 11%. During 2008, Dundee Securities participated in 158 (2007 – 210) public and private new issue transactions.

Principal trading revenue was $2.2 million in 2008 compared with revenue of $20.0 million in 2007, as trading losses were experienced in the last two quarters due to market declines. Included in year-to-date principal trading revenue is $1.2 million of realized gains on corporate finance inventory positions, substantially all of which were realized earlier in the year.

Operating expenses in DundeeWealth, adjusted for intersegment distribution fees, were $679.3 million in 2008, compared with $726.8 million in the prior year.

(in millions of dollars)

For the years ended December 31,	2008	% Change	2007
OPERATING EXPENSES			
Selling, general and administrative	$317.4	0 %	$316.3
Variable compensation	229.2	(19 %)	283.1
Trailer service fees	134.2	4 %	129.4
	680.8	(7 %)	728.8
Intersegment distribution fees paid to Dundee Corporation	(1.5)	(25 %)	(2.0)
Total	**$679.3**	**(7 %)**	**$726.8**

Certain expenses, such as variable compensation costs and trailer service fees, as well as the amortization of deferred sales commissions, have increased or decreased in direct correlation with the change in corresponding revenue streams or AUM levels.

Selling, general and administrative ("SG&A") costs have increased from $316.3 million in 2007 to $317.4 million during 2008. Expenses in 2008 also include $8.5 million relating to the operations of Aurion and BHR, all of which were incurred in the second half of the year.

Since the beginning of the current year, and as part of the implementation of DundeeWealth's integration efforts, DundeeWealth incurred severance costs of $23.6 million, which should result in annualized savings to DundeeWealth of approximately $50 million.

Trailer service fees are paid to brokers and financial advisors to assist them in providing ongoing support to clients who have invested in DundeeWealth's products. Trailer service fees are calculated as a percentage of the market value of the associated AUM and we would therefore expect to see increases in trailer service fee expense corresponding to increases in our average AUM during any given period. As a percentage of average AUM, excluding AUM in Aurion and BHR, trailer service fees paid in 2008 represented approximately 33% (2007 – 32%) of total management fee revenue generated from these assets.

On a consolidated basis, amortization of deferred sales commissions was $81.9 million in 2008 (2007 – $67.5 million). During 2008, DundeeWealth paid commissions of $108.9 million (2007 – $100.7 million). The average commission rate paid on asset gathering activities conducted on a deferred sales charge basis is approximately 4% (2007 – 4%). For accounting purposes, DundeeWealth defers the amount of commissions paid each period and reports it as deferred sales commissions on our consolidated balance sheet. These deferred sales commissions are then amortized on a straight-line basis over five years. DundeeWealth regularly reviews the carrying value of the deferred sales commissions with respect to any events or circumstances that may indicate impairment. At December 31, 2008, there was no impairment in deferred sales commissions.

➢ CHANGES IN FINANCIAL CONDITION

Step Acquisitions in DundeeWealth

During 2008, we purchased approximately 5.5 million common shares of DundeeWealth for cash of $72.3 million. During the same period, DundeeWealth paid cash of $22.8 million to purchase and cancel 2,057,600 common shares pursuant to its normal course issuer bid. These transactions resulted in an overall 3.7% increase in our interest in DundeeWealth. We accounted for this increase as a step acquisition, with the aggregate purchase price allocated to the fair value of the assets of DundeeWealth acquired as illustrated in the following table. The investment management contracts have an indefinite life and are therefore not subject to amortization.

(in thousands of dollars)

Net assets acquired	
Investment management contracts	$77,619
Other net assets	23,262
Future income tax liabilities	(22,012)
	$78,869
Aggregate purchase price	
Cash	$71,497
Cash attributed to non-controlling interest	7,372
	$78,869

Exposure to Asset-Backed Commercial Paper

As at December 31, 2008, DundeeWealth continued to hold ABCP with a par value at maturity of $379.4 million, which is being carried at $169.5 million. These investments were originally made as part of the investment portfolio of their now discontinued banking operations. The ABCP has not traded in active markets since mid-August 2007 and there have been no market quotations available for these securities.

A restructuring plan implemented on January 21, 2009, exchanged affected ABCP for longer-term, floating rate notes ("FRNs") that were designed to match the maturities of the underlying assets.

The restructuring pooled certain assets of all the affected ABCP conduits, and subsequently allocated them on a pro-rata basis to two newly created Master Asset Vehicles referred to as MAV 1 and MAV 2. Certain larger investors participated in MAV 1 which required self-funding by participants against possible margin calls in a margin funding facility.

DundeeWealth is an investor in MAV 2, in which a third-party funding facility was established and generally funded by a group of third-party lenders. MAV 2 issued Class A-1, Class A-2, Class B and Class C notes to ABCP noteholders. Each class of notes that DundeeWealth received was supported by a portfolio of unleveraged and leveraged corporate CDOs, traditional securitized assets and certain hybrid assets.

Trusts with ABCP supported solely by traditional securitized assets were placed in a separate Master Asset Vehicle referred to as MAV 3 and noteholders received FRNs with maturities based upon the maturities of the underlying assets. The FRNs are to amortize and be repaid as assets mature or are sold. DundeeWealth is also a participant in MAV 3.

Assets in each Master Asset Vehicle, for which the credit quality is uncertain, are designated as ineligible assets and are supported by notes designated as IA Tracking Notes which bear interest at the net rate of return generated by the corresponding designated tracking asset.

DundeeWealth received their replacement notes immediately following approval of the restructuring. Approximately 71% of DundeeWealth's original investment in ABCP was replaced with senior Class A-1 and Class A-2 long-term FRNs of MAV 2. These notes have been assigned a rating of "A" by DBRS. The notes have a legal maturity date that extends into 2056, although the expectation is that these notes will be repaid earlier than their legal maturity, as the underlying assets pledged as collateral mature. DundeeWealth also received subordinated Class B and Class C long-term FRNs of MAV 2 representing approximately 8% of their original ABCP investment. Assets in MAV 2 which have uncertain credit quality were restructured on a transaction-by-transaction basis and DundeeWealth received long-term FRNs as a result. Additionally, the traditional securitized assets in MAV 3 were also restructured on an individual transaction-by-transaction basis and DundeeWealth has also received long-term FRNs for these assets. The individual notes issued from MAV 2 and MAV 3 received by DundeeWealth represent approximately 19% of their original investment. DundeeWealth has no recourse to recover the remaining 2% of their ABCP portfolio.

Prior to the restructuring, and at December 31, 2008, DundeeWealth's investments in ABCP were considered AFS financial instruments for accounting purposes and were reported at their fair value. Fair value, among other things, is a function of the market's perception of the risks associated with the asset. Given that, as at December 31, 2008, these assets were not distributing interest and the new restructured securities were not yet issued, DundeeWealth's valuation approach was based on publicly available information, either from DBRS or from the information statement outlining the restructuring plan, to determine the type and characteristics of assets in each of the affected trusts. This information was assessed on a transaction-by-transaction basis for each trust in which DundeeWealth owns affected ABCP. Using a valuation technique, DundeeWealth assigned values to each asset type in each affected trust in which it holds ABCP. An overall dollar weighted average valuation across all affected trusts was then calculated.

DundeeWealth's determination of the fair value of traditional assets continues to be based primarily on discussions with third party dealers or, where available, the most recent trading prices of similar securities. As proxy for the fair value of hybrid securitized assets, DundeeWealth considered credit indices on structured finance products including the ABX, TABX and CMBX indices.

Fair value of leveraged and unleveraged corporate CDOs held within the ABCP investments is determined using a pricing model which requires inputs of initial and current credit spreads, a risky annuity and a leverage factor. Generally and with all other factors remaining constant including the vintage of assets, the fair value of ABCP is expected to decline in periods of increasing credit spreads.

Based on the above analysis, DundeeWealth determined that it was necessary to recognize a fair value adjustment in their ABCP investments as at December 31, 2008 of $113.8 million, of which $75.9 million and $37.9 million were recorded in the first and third quarters of 2008, respectively. In the prior year, DundeeWealth had provided $94.9 million against the carrying value of their investment in ABCP, including $57.6 million that was included in discontinued operations relating to the divestiture of the Dundee Bank of Canada. This equates to approximately 55% of the par value of ABCP held. DundeeWealth determined that the fair value adjustments reflected an other-than-temporary impairment of ABCP investments and therefore recognized the adjustment in net earnings.

While DundeeWealth's valuation technique, as outlined above, has taken into account recent market volatility and the implementation of the restructuring plan, including the receipt of $12.3 million in interest the Company received in January 2009, there is no assurance that the pricing of these assets will not increase or decline in future periods or that the restructured notes will trade at similar prices to our values assigned. Furthermore, there is no assurance that DundeeWealth's investments will trade at a value equivalent to their fair value. As a result of these uncertainties, and the fact that their valuation methodology was based on incomplete information, these estimates may change materially in subsequent reporting periods.

Exposure to Investments in Collateralized Loan Obligations (CLOs)
The fair value of DundeeWealth's portfolio of CLOs at December 31, 2008 was $16.6 million, representing a decline of $100.0 million or 86% from the original cost of $116.6 million. In the fourth quarter of 2008, DundeeWealth recognized this decline in fair value as an other-than-temporary impairment against the carrying value of their portfolio of CLOs, however, $69.6 million was recognized in prior quarters as an adjustment to carrying value recorded in OCI. With the precipitous decline in the global economy and the continued broadening of the credit crisis, DundeeWealth has determined that at December 31, 2008, there was evidence of an other-than-temporary impairment in their CLO investments.

CLO market pricing dropped significantly from October to December 2008, reaching record lows. There are a number of factors that continue to exert downward pressure on CLO pricing, including, at least in part, forced sales of these products as hedge funds unwind leveraged positions and certain financial institutions attempt to remove these investments from their balance sheets.

Given the curtailment in the availability of liquid capital and a decreasing demand for financing high yield type credits, market participants are concerned about the ability of underlying borrowers to refinance debt. These deteriorating credit conditions foster an expectation of increasing credit defaults. To some extent, these concerns have materialized within the underlying securities that provide collateral to the CLO market, which experienced increasing levels of defaults in December 2008 and during the first quarter of 2009. Exacerbating the effect of increased loan defaults is an expected reduced recovery rate on defaulted arrangements.

At the end of the third quarter of 2008, DundeeWealth concluded that there had been no material deterioration in the credit quality of the underlying corporate loans of CLOs that would lead to a conclusion that the market declines experienced were other-than-temporary. Declines in pricing prior to September 2008 were, in DundeeWealth's view, a reflection of increases in credit spreads and excess supply. However, DundeeWealth noted that towards the end of the third quarter of 2008, pricing of CLOs reflected market expectations of a larger number of corporate defaults and the downgrading of credit ratings.

DundeeWealth uses various measures to monitor the credit quality of underlying loans supporting their CLO investments, including two main macro measures that are relatively standard in assessing the underlying credit quality of loans in each CLO portfolio.

The first measure is the weighted average rating factor ("WARF") of each CLO investment. Each CLO has a WARF maximum which, if exceeded, prohibits the manager from purchasing new loans that would otherwise further deteriorate the WARF. During the fourth quarter of 2008, the WARF increased by two times the increase experienced during the first three quarters of 2008. Furthermore, certain of the CLO portfolios had exceeded their individual WARF maximums at December 31, 2008. At September 30, 2008, all investments complied with their WARF maximums.

A second measure is the relative size of the CCC-rated bucket in each CLO portfolio, generally referred to as the CCC content of the CLO. Generally, an increasing number of CCC-rated loans may be seen as a form of credit deterioration and a precursor to default. Similar to the WARF maximum described above, each portfolio will generally have a CCC content maximum. If breached, the manager of the CLO is limited in its ability to make further investments in CCC or lower-rated assets. Furthermore, the CCC content may result in a cash diversion away from the equity and lower-rated tranches of the CLO investment. While there has been an increase in CCC content throughout 2008, during the fourth quarter, a significant number of CLO investments exceeded their CCC content limits.

The deterioration in these two factors, along with various other measures that DundeeWealth uses to assess credit quality indicated that there was objective evidence of financial difficulty of the collateral supporting each CLO investment and DundeeWealth concluded that the fair value adjustment was other-than-temporary.

During 2008, DundeeWealth's CLO portfolio earned investment income of $13.9 million, representing an annualized return of 11.9% based on original acquisition price. Notwithstanding the concerns over the credit quality of the underlying collateral, there have been no defaults in scheduled interest payments on DundeeWealth's CLO investments.

As previously noted, DundeeWealth has borrowed in U.S. and Euro currencies in order to economically hedge foreign exchange fluctuations in their foreign-currency-denominated CLO investments. In prior periods, the effect of changes in foreign exchange rates relating to amounts borrowed to acquire these assets was reflected in net earnings while the effect of changes in foreign exchange rates to the fair value of CLOs was reflected in OCI. With the recognition of impairment on CLO investments, the cumulative effect of changes in foreign exchange fluctuations on CLO investments has been recognized in net earnings.

➢ OTHER CHANGES IN FINANCIAL CONDITION

The following is a discussion of the more significant changes in DundeeWealth's consolidated balance sheet items from December 31, 2007 to December 31, 2008.

Client Accounts Receivable, and Client Deposits and Related Liabilities
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 to DundeeWealth's financial position. As at December 31, 2008, client accounts receivable were $389.3 million (2007 – $408.8 million) and consist of $171.0 million in client margin accounts (2007 – $244.2 million) and $218.3 million in day-to-day settlement amounts (2007 – $164.6 million). Client deposits and related liabilities were $399.6 million (2007 – $418.3 million).

Margin lending arrangements require clients to maintain certain collateral in their margin accounts. Current economic and credit conditions have reduced the value of securities held as collateral against margin loans. However, this decrease did not result in a financial loss to DundeeWealth at December 31, 2008, as margin deficiencies were resolved in a timely fashion as they occurred.

Trading Securities Owned and Securities Sold Short
Securities owned and securities sold short represent trading positions in securities at DundeeWealth's dealer subsidiary, Dundee Securities. Trading positions may vary significantly on a day-to-day basis depending upon trading strategies in response to market conditions and in anticipation of price movements and do not necessarily reflect any meaningful changes to DundeeWealth's 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. As of December 31, 2008, securities owned and securities sold short totalled $86.0 million (2007 – $263.7 million) and $44.0 million (2007 – $106.5 million), respectively.

Bank Indebtedness
Dundee Securities has established call loan facilities for $93.3 million with two Canadian chartered banks. These call loan facilities are secured by either unpaid client securities and/or securities borrowed or owned by Dundee Securities and are used primarily to facilitate the securities settlement process for both client and firm inventory positions and/or to finance margin account activity. Similar to client account balances, amounts borrowed pursuant to these call loan facilities may vary significantly on a day-to-day basis depending on securities trading activity, without necessarily representing a change in DundeeWealth's financial position. Amounts borrowed pursuant to these call loan facilities are reported as bank indebtedness. At December 31, 2008, DundeeWealth had not drawn against these facilities as client credit and inventory positions were sufficient to provide the necessary funding of amounts due from clients. At December 31, 2007, DundeeWealth had drawn $43.1 million against these facilities.

Accounts Receivable and Accounts Payable
DundeeWealth's accounts receivable balance at December 31, 2008 decreased to $108.9 million from $216.1 million at the end of 2007. Included in the December 31, 2007 balance are performance fees that were subsequently paid in the first quarter of 2008. These performance fees have associated direct expenses which contributed to an increased balance in accounts payable as at December 31, 2007 and their payment during the current year partially accounted for the decrease in accounts payable at December 31, 2008. At December 31, 2008, there were no performance fees accrued in accounts receivable and, similarly, there were no amounts accrued in accounts payable with respect to performance fee expenses.

Deferred Sales Commissions
Deferred sales commissions represent amounts paid to financial advisors for the sale of investment products which are then deferred and amortized over a period of five years. The December 31, 2007 balance of $207.0 million increased by $27.0 million representing $108.9 million in commissions funded during the year, net of $81.9 million of amortization.

Corporate Debt
DundeeWealth has renewed its $500 million revolving term credit facility with a Canadian chartered bank, extending the expiry date to September 9, 2009. If the facility is not renewed at the expiry date, it will convert into a four-year term loan and any amounts borrowed as at the date of expiry will be due four years after the scheduled expiry date. The credit facility is secured by a general security agreement over all the assets of DundeeWealth and certain of its subsidiaries, including DWM Inc. and Goodman & Company, Investment Counsel Ltd.

The facility provides for certain financial covenants, including maintenance of minimum levels of AUM and EBITDA, restrictions on the existence of secured indebtedness and restrictions on the disposition of assets in excess of a specified amount by certain subsidiaries. At December 31, 2008, DundeeWealth was in compliance with all covenants.

Series 1 Preference Shares, DundeeWealth ("DW Preference Shares")
In 2007, DundeeWealth issued 6,225,000 4.75% cumulative redeemable first preference shares, Series 1 at a price of $25.00 per DW Preference Share. The DW Preference Shares entitle the holder to a fixed preferential cumulative dividend at the rate of 4.75% per annum, payable quarterly.

The DW Preference Shares may be redeemed, at DundeeWealth's option, at any time after March 13, 2007 at a price which declines over time in accordance with the terms of the DW Preference Shares from $27.25, if such share is redeemed prior to March 13, 2008, to $25.00 if such share is redeemed after March 13, 2016 (the "DW Redemption Price Schedule").

On redemption, DundeeWealth may convert the DW Preference Shares to common shares of DundeeWealth subject to regulatory approval. If such election is made, the shares will be converted on the basis of one DW Preference Share for that number of common shares of DundeeWealth that is equal to the redemption price at the time of the conversion determined in accordance with the DW Redemption Price Schedule divided by the current market price of the DundeeWealth common shares, determined in accordance with a formula. DundeeWealth has stated that it does not intend to make such election if the shares are redeemed.

➢ OTHER WEALTH MANAGEMENT OPERATIONS

Our other wealth management operations include the activities of Garda Corporation and Dundee Merchant Bank which are carried out through offices in Bermuda and the Cayman Islands, respectively and the operations of our newly created asset management company, Ravensden Asset Management Inc. During 2008, operating EBITDA from these activities was $1.6 million compared with a loss in EBITDA of $2.4 million in 2007. These subsidiaries recorded net earnings of $1.5 million on revenues of $9.5 million in 2008, compared to a net loss of $5.4 million on revenues of $4.7 million during 2007.

REAL ESTATE SEGMENT

➢ RESULTS OF OPERATIONS

Our real estate segment reported earnings before taxes from continuing operations of $72.2 million in 2008, compared with $123.9 million in 2007. Earnings in our real estate division during the prior year included an after tax gain of $95.9 million relating to the sale of part of its real estate portfolio to GE. The gain was reflected as discontinued operations in our consolidated financial statements.

Margins from Land and Housing Operations
Land and housing operations generated contribution margins of $104.2 million or 27.1% on revenues of $384.6 million in 2008. This compares with contribution margins of $121.5 million or 34.7% on revenues of $349.9 million in 2007.

(in thousands of dollars)

Components of Real Estate Operations*	Twelve months to December 31, 2008 Revenue	Costs	Margin	% Margin	Twelve months to December 31, 2007 Revenue	Costs	Margin	% Margin
Revenue properties	$34,387	$26,855	$7,532	21.9 %	$39,980	$27,556	$12,424	31.1 %
Land	168,594	109,671	58,923	34.9 %	203,497	111,347	92,150	45.3 %
Housing and condominiums	175,753	143,895	31,858	18.1 %	98,432	89,445	8,987	9.1 %
Other	5,880	-	5,880	N/A	7,945	-	7,945	N/A
	$384,614	**$280,421**	**$104,193**	**27.1 %**	**$349,854**	**$228,348**	**$121,506**	**34.7 %**

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

Revenue Properties
Margins earned from revenue properties were $7.5 million in 2008 compared with $12.4 million in 2007. The decrease was mainly attributable to the disposal of certain residential rental properties in the first quarter of 2007 that resulted in the recognition of a gain on sale of approximately $6.3 million in that period. Excluding the impact of the gain on sale, operating profits increased $1.5 million over the prior year.

Dundee Realty's ski area operations at Arapahoe Basin in Colorado experienced a very successful fiscal year, with skier visits up 16% in 2007 resulting in a $0.9 million increase in operating profits. The contribution margin from the Bear Valley ski area decreased by $0.2 million compared to 2007 due to the lack of snowfall in the California Sierras, which negatively impacted results. The outlook for 2009 is positive for the ski operations with the increased capacity at Arapahoe and abundant snowfall at Bear Valley in 2009 to date. In 2008, Dundee Realty had invested $2.6 million in capital improvements at Arapahoe Basin and $0.3 million in Bear Valley.

The Distillery Historic District in Toronto contributed $4.9 million to operating profits in 2008, a $0.7 million increase compared to 2007. The increase was mainly the result of a $1.2 million bad debt provision recorded in 2007, offset by six months of vacancy in the current year. The defaulted space was occupied in the second half of the year resulting in a 12.3% increase in the base rent per square foot.

Land
Revenue from land sales was $168.6 million, generating operating profits of $58.9 million or 34.9% in 2008. This compares with revenues of $203.5 million, generating operating profits of $92.1 million or 45.3% in 2007. Operating profits in 2008 decreased by $33.2 million, mainly reflecting the sales of various undeveloped land parcels in Calgary and Toronto that contributed $28.7 million of operating profits in 2007 and positively impacted margin percentages as these sales were completed at significantly higher margins compared to developed land. These land parcels were not related to our residential land development operations and therefore, there were no comparable sales in 2008. The remainder of the decrease is mainly attributable to fewer lot sales in 2008 related to our 30% interest in Thornhill Woods in Toronto. Dundee Realty sold 920 lots at an average selling price of $125,000 per lot in 2008 compared to 1,664 lots at an average selling price of $105,000 per lot in 2007. Excluding the impact of the sales of undeveloped lands, Dundee Realty sold 215 acres of multi-family and commercial land at an average selling price of $286,000 per acre in 2008 compare to 56 acres sold at an average selling price of $374,000 per acre in 2007.

Saskatoon land operations generated $7.7 million of operating profits in the year, achieving higher average selling prices compared to 2007, and profit margins were slightly higher at 34% as compared to 33%. Operating profits decreased by $6.6 million reflecting 221 fewer lots sold and 16 fewer parcel acres. Land operations in Regina contributed operating profits of $18.7 million, an increase of $8.2 million compared to 2007 mainly reflecting 138 more multi-family and commercial parcel acres sold compared to 2007, primarily in the Harbour Landing project. Regina operations sold 88 fewer lots in 2008 due to timing of transitions to a new subdivision, but achieved higher average selling prices to partially offset the impact of the volume reduction. Higher sales contributed to the significant margin gains in 2008. Land operations in Calgary contributed operating profits of $20.2 million, compared to $14.8 million in 2007, as a result of the sales of more than 200 lots from the Wentworth Glen project during 2008. Parcel sales decreased from 177 acres sold in 2007 to 10 in the current year mainly due to the sale of 160

undeveloped acres in 2007 that were not in the scope of Dundee Realty's normal operations as well as a restriction placed on new development until 2009 by the City of Calgary. In Edmonton, operating profits decreased by $16.4 million, mainly due to 403 fewer lots sold compared to 2007 as the market softened with abundant supply, although this was partially offset as 44 more multi-family and commercial acres were sold compared to 2007.

Housing and Condominiums
Revenue from sales of housing and condominium units increased in 2008 to $175.8 million from $98.4 million in 2007, generating operating margins of $31.9 million and $9.0 million, respectively. The increase of $22.9 million is primarily due to occupancies at the Pure Spirit condominiums in Toronto together with growth at Dundee Realty's housing operations in western Canada.

In Toronto, 360 of the 383 units, or 90%, of the Pure Spirit condominium units were occupied in the fourth quarter of 2008 generating revenues of $98.6 million and contributing $22.9 million to operating profits. Registration and receipt of proceeds is expected to occur in the second quarter of 2009. Dundee Realty's interest in the Thornhill Woods housing project in Toronto contributed revenues of $6.0 million and a margin of $1.4 million on the sale of 56 units in 2008 compared to sales of 116 units that generated a profit of $3.3 million in 2007.

Housing operations in Saskatoon and Regina experienced strong demand resulting in margins increasing to 15.5% in 2008 from 6.8% in 2007. During 2008, housing operations in western Canada sold 229 units at an average selling price of $321,000 per unit translating into a $6.1 million increase in operating profits compared to $3.3 million in 2007 when 227 units were sold at an average selling price of $263,000 per unit. At the end of 2008, there were 155 housing units in inventory of which 108 were pre-sold.

During 2008, Dundee Realty realized $10.5 million of revenues and earnings of $1.2 million on the closing of the remaining 21 condominium units at the Princeton project in Calgary. In 2007, 56 condominium units were sold generating a profit of $2.6 million.

Effective January 1, 2008, a new accounting standard required general and administrative, marketing and selling costs related to condominium development projects to be expensed in the period incurred resulting in a reduction in operating margin of $3.0 million in the current year. Prior to 2008, the expenses were capitalized as a component of development costs.

Management Fees
Immediately following the transaction with GE, Dundee Realty established an asset management and advisory services business, Dundee Real Estate Asset Management ("DREAM"). 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. DREAM presently has in excess of $3 billion of fee generating real estate assets under management on behalf of all of its clients, which includes Dundee REIT.

Management fee revenues increased to $16.3 million reflecting asset management, acquisition and financing fees related to properties that DREAM currently manages. These revenues generated $10.2 million of operating profits, representing a 62.5% operating margin and a $5.7 million increase over 2007, mainly reflecting management contracts that commenced in the third quarter of 2007.

Subsequent to December 31, 2008, by mutual agreement GE and DREAM terminated their relationship, with GE paying a termination fee.

➢ CHANGES IN FINANCIAL POSITION

Real Estate Assets

Real estate assets increased by approximately 10% since December 31, 2007 to $446.2 million at December 31, 2008.

(in thousands of Canadian dollars)

As at December 31,	2008	% Change	2007
Land	$285,346	21 %	$235,123
Housing and condominiums	96,929	(23 %)	125,824
Revenue properties	63,951	40 %	45,738
	$446,226	10 %	**$406,685**

Land under Development and Land Held for Development

Dundee Realty's portfolio of land under development and held for development extends across the country and into the United States. The carrying value of Dundee Realty's portfolio of land under development and held for development increased to $285.3 million, a 21% increase over $235.1 million at December 31, 2007.

(in thousands of dollars except for acres and number of lots)

	Land Held for Development		Land Under Development		
	Cost	Acres	Cost	Number of Lots	Total Cost
Saskatoon	$39,393	2,160	$37,981	427	$77,374
Regina	16,163	1,178	18,097	152	34,260
Calgary	64,323	1,015	16,644	-	80,967
Edmonton	35,451	581	41,068	445	76,519
Toronto	456	-	11,508	4	11,964
USA	4,262	5	-	-	4,262
	$160,048	**4,939**	**$125,298**	**1,028**	**$285,346**

Aggregate development costs on land were approximately $125.6 million during 2008 and were incurred mainly in western Canada. During 2008, Dundee Realty completed several acquisitions for $25.6 million. These land acquisitions included 810.9 acres in east Saskatoon, 454.2 acres in Regina, 8.2 acres in Calgary and 4.0 acres in Edmonton.

(in thousands of Canadian dollars)

Balance of land inventory, December 31, 2007	$235,123
New acquisitions completed during the year	25,645
Costs of development	125,555
Transfer to cost of goods sold	(102,043)
Other	1,066
Balance of land inventory, December 31, 2008	**$285,346**

Inventory of Housing and Condominiums

Inventory of housing and condominiums decreased 23% to $96.9 million as at December 31, 2008 compared with $125.8 million at December 31, 2007.

(in thousands of dollars)

Balance of housing and condominium inventory, December 31, 2007	$125,824
New acquisitions completed during the year	1,646
Costs of development	117,188
Transfer to cost of goods sold	(137,360)
Other	(10,369)
Balance of housing and condominium inventory, December 31, 2008	**$96,929**

Construction is approximately 95% complete for the 383-unit Pure Spirit condominium at The Distillery Historic District in Toronto with registration expected to occur in the second quarter of 2009. The southeast corner project, originally a two-tower condominium development project on the Distillery site, has been curtailed to a single tower ("Clear Spirit") with planning reviews and development parameters having been completed. At December 31, 2008, 83% of the units of the Clear Spirit tower had been pre-sold. Construction on the 35-storey Clear Spirit tower is expected to commence in June 2009 with closings scheduled for 2012.

Construction continues on the Base Camp One project, a 64-unit flagship residential lodge in a prime ski in/ski out location at the Sol Vista ski area located in Granby, Colorado. To date, 52% of the units have been pre-sold and the project is on schedule for completion with initial closings in March 2009.

The table below illustrates some of the more significant projects being undertaken by Dundee Realty in the housing and condominium business:

(in thousands of dollars, except number of units)

As at December 31, 2008	**Location**	**Number of units**	**Cost**
Single family homes	Saskatoon	69	$17,233
	Regina	88	12,452
	Toronto	4	350
			30,035
Condominiums			
Pure Spirit	Toronto	23	8,464
Clear Spirit	Toronto	354	13,642
Corktown	Toronto	493	10,785
Base Camp One	Colorado	64	28,975
Other		2	5,028
			66,894
			$96,929

Revenue Properties

(in thousands of dollars)

Balance of revenue properties, December 31, 2007	$45,738
New acquisitions completed during the year	6,881
Additions during the year	5,117
Depreciation and amortization	(4,164)
Transfer costs to/from housing and condominium development costs	6,991
Other	3,388
Balance of revenue properties, December 31, 2008	**$63,951**

During 2008, Dundee Realty, through its 20% interest in Firelight Infrastructure Fund, invested $6.0 million in the Dalhousie Mountain windmill project in Nova Scotia. The investment was effected by converting loans and fees receivable previously provided to Dalhousie Mountain into an equity investment. The investment was used to fund pre-delivery deposits for wind turbines and site preparation costs.

Dundee Realty entered into a joint venture in respect of three adjacent properties in east Toronto for an aggregate cost of $0.9 million. The properties are currently earning rental income but the site will be used for condominium development in the future.

In 2008, Dundee Realty invested $2.6 million in capital improvements at Arapahoe Basin in Colorado, mainly related to parking expansion and constructing a pedestrian tunnel to meet increased skier demand as a result of the Montezuma Bowl expansion. Dundee Realty also incurred $0.3 million for capital improvements at the Bear Valley property in California.

Real Estate Debt

Real estate debt as at December 31, 2008 was $268.8 million (2007 - $211.5 million) including $85.4 million relating to a revolving term credit facility, with the balance divided among mortgages on revenue 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 December 31, 2008, $59.0 million (2007 - $38.9 million) of aggregate debt in our real estate segment is subject to a fixed, weighted average interest rate of 6.26% (2007 – 8.04%) and matures between 2009 and 2017. Further, $209.8 million (2007 - $172.7 million) of real estate debt is subject to a weighted average variable interest rate of 4.29% (2007 – 6.30%) and matures between 2009 and 2018.

During 2008, Dundee Realty amended the terms of its revolving term credit facility with a Canadian chartered bank, increasing the amount available pursuant to the facility from $100 million to $150 million. The facility bears interest at prime plus 0.625% or at corporate bankers' acceptance rate plus 2.215%. The facility is secured by a general security agreement and first charges against lots, parcels, as well as certain land held for development in Saskatoon, Regina, Calgary and Edmonton. At December 31, 2008, Dundee Realty had drawn $121.1 million against its revolving term credit facility, including $35.7 million in the form of letters of credit.

Dundee Realty's current revolving term credit facility is renewable on an annual basis. There can be no assurance that the credit facility will be renewed under the same terms and conditions as the current credit facility.

Dundee REIT

Dundee REIT is an unincorporated, real estate investment trust and is a leading provider of high quality, affordable business premises with a focus on mid-sized urban and suburban office properties as well as industrial and prestige industrial properties. The majority of Dundee REIT's properties are located in western Canada. At December 31, 2008, Dundee REIT had over 6.6 million square feet of leasable area of which approximately 75% was office-based and 25% was industrial space.

As at December 31, 2008, we owned 0.8 million Dundee REIT units and 3.5 million units of DPLP, representing a combined 21% interest in Dundee REIT. In 2008, we disposed of 12,669 Dundee REIT units to settle the exchange feature on $0.4 million of our Exchangeable Debentures and realized a gain of $0.1 million. In comparison, during 2007 we disposed of 1,863,594 units to settle the exchange feature on $55.4 million of Exchangeable Debentures and realized gains of $21.1 million. Pursuant to the exchange feature of our debentures, we have an obligation to deliver up to a maximum of 320,840 of these units which, at December 31, 2008, had a value of $4.0 million. We have pledged sufficient Dundee REIT units against this liability to fully satisfy any potential obligation.

Included in our equity earnings for the year ended December 31, 2008, is $1.5 million in earnings from our investment in Dundee REIT. This compares with earnings from continuing operations of $15.9 million in 2007. In addition, in the prior year we recognized earnings of $95.9 million, net of tax, in discontinued operations which represented our share of operating activities and the associated gain resulting from Dundee REIT's transaction with GE (See "Sale of Portfolio Assets of Dundee REIT to GE Real Estate in 2007").

We received distributions from Dundee REIT of $8.4 million during 2008 compared with $14.7 million in 2007. Approximately $3.9 million of these distributions were received in cash with the balance of $4.5 million being used to purchase additional units of Dundee REIT.

Sale of Portfolio Assets of Dundee REIT to GE Real Estate in 2007
On August 24, 2007, Dundee REIT completed the sale of certain properties (the "Eastern Portfolio") to GE for aggregate consideration of $2.3 billion. Dundee REIT continues to own a portfolio of office and industrial properties, primarily in western Canada (the "Western Portfolio"). On closing, Dundee REIT received cash of approximately $1.5 billion, which was subsequently utilized to redeem approximately 29.9 million outstanding Dundee REIT units. In connection with the transaction, GE acquired approximately 3.5 million Dundee REIT units, giving GE an approximate 16% interest in Dundee REIT.

The Company elected to redeem 58% of its interest in Dundee REIT pursuant to the transaction. In the third quarter of 2007, the Company tendered 3,873,594 Dundee REIT units for redemption and received cash proceeds of $184.0 million. As the Company tendered less than its proportionate share of Dundee REIT units relative to other unitholders, the Company's interest in Dundee REIT increased from approximately 15% immediately prior to the transaction to approximately 18% immediately thereafter. As our interest increased as a result of this transaction, we did not recognize a gain on the redemption of units. Rather, the aggregate redemption proceeds have been applied as a reduction to the carrying value of the Company's investment in Dundee REIT.

Dundee REIT reported a gain from discontinued operations in respect of the sale of the Eastern Portfolio. Our share of the gain, net of expected taxes, has been presented separately as share of earnings of discontinued operations of Dundee REIT.

RESOURCES SEGMENT

The net loss in the resources segment for the year ended December 31, 2008 was $191.8 million compared to earnings of $7.8 million in 2007. Losses from equity accounted investments were $37.2 million in 2008 compared with earnings of $13.9 million in 2007. In addition, our resources segment was impacted by a fair value adjustment against the carrying value of our resource-based investments of $149.5 million, including $114.2 million against the carrying value of our equity-accounted investments.

Eurogas Corporation

Spanish Oil And Gas Projects
Eurogas' 73.7% owned subsidiary, Castor UGS Limited Partnership ("CLP"), holds a 33% interest in the Castor Exploration Permit through its investment in Escal, giving Eurogas an effective interest of 24.6% in the Castor UGS Project. The Castor Exploration Permit covers the abandoned Amposta Oilfield, which will be utilized by Escal for its underground gas storage project ("Castor UGS Project").

Business Reorganization of Escal
On December 20, 2007, CLP entered into agreements with ACS Servicios Comunicaciones y Energia, S.L. ("ACS") and Enagas, S.A. (the "ACS Transaction") pursuant to which Escal issued shares to ACS for cash proceeds of $5.1 million such that ACS increased its ownership in Escal from 5% to 66.67%, reducing CLP's interest to 33.33% from 95%. The completion of the ACS Transaction was conditional on receipt of the Castor UGS Project development concession that was received on May 16, 2008, at which time Eurogas deconsolidated the various assets and liabilities of Escal previously included in its consolidated financial statements and recorded an equity investment in Escal. Our results in 2008 include a dilution loss of $5 million on the deconsolidation of Escal.

Under the terms of the ACS Transaction, ACS agreed that it would repay to CLP most of the amounts it previously invested in the Castor UGS Project. As at December 31, 2008, CLP had received $41.1 million (€25.7 million) pursuant to this agreement. Subsequent to December 31, 2008, CLP received a further payment in the amount of $2.3 million (€1.4 million), which is the full amount CLP expects to receive at this time. CLP may receive further amounts up to a maximum of $4.1 million (€2.6 million), at a future date, should some or all of the expenditures associated with those investments be recognized for remuneration within the Castor UGS Project.

In 2007, Eurogas had funded the CLP non-controlling limited partners' portion of a $28 million cash call in respect of the funding of the Castor UGS Project prior to the ACS Transaction, by way of demand secured promissory notes receivable with a value of $7.4 million. The notes were secured by a pledge of each of the respective partners' interests in CLP. During 2008, and following receipt of proceeds pursuant to the ACS Transaction, CLP completed a cash distribution to all of its limited partners in an amount sufficient to repay amounts previously outstanding pursuant to these demand secured notes receivable and the demand secured notes receivable were cancelled.

In accordance with the terms of the ACS Transaction, ACS is responsible for providing equity and arranging project financing for the Castor UGS Project, including providing all guarantees that may be required, from the day it became a majority shareholder of Escal through to the inclusion of the underground storage facility into the Spanish gas system.

Tunisian Oil And Gas Projects

Business Reorganization of Eurogas International Inc.
On August 5, 2008, Eurogas completed a restructuring plan that distributed 100% of its common share interest in EII as a dividend-in-kind to shareholders of Eurogas (the "Restructuring"), such that each shareholder of Eurogas received one newly issued common share of EII for every five shares of Eurogas held. The newly issued common shares of EII distributed were placed in escrow for the benefit of shareholders of Eurogas, pending a public listing of EII common shares.

Prior to the Restructuring, Eurogas exchanged its previous interest in the common shares of EII for 32,150,000 newly issued Series A Preference Shares and 31,143,635 newly issued common shares of EII that were then distributed. Eurogas continues to hold the Series A Preference Shares which pay a fixed preferential cumulative dividend of 4% per annum and have a redemption value of $32.1 million. On March 27, 2009 the Canadian National Stock Exchange ("CNSX") approved the listing of EII shares.

Agreement with Delta Hydrocarbons B.V.
On April 8, 2008, EII and Atlas Petroleum Exploration Worldwide Ltd. ("APEX"), its operating partner, announced that they had entered into a series of agreements (the "Delta Agreements") with Amsterdam based Delta Hydrocarbons B.V. ("Delta") whereby Delta acquired a 50% interest in the Sfax Permit and the Ras El Besh Concession (the "Joint Venture") and a 50% interest in Innovative Production Services, Ltd. ("IPS") in exchange for the expenditure by Delta of an aggregate of US$125 million. Delta's required spending included a cash payment to EII and APEX and funding Delta's, as well as EII's and APEX's share of future Joint Venture and IPS expenditures, including future drilling, exploration and development costs and the acquisition of facilities as and when required to a maximum of US$125 million (the "Umbrella Agreement"). The Umbrella Agreement provides for the payment of US$80 million towards the Joint Venture work program and US$45 million towards activities of IPS. Spending may be redirected to either program, with the consent of all Joint Venture partners. If Delta does not fulfill its spending commitment, the 50% participating interest that was assigned to Delta is subject to reversal and EII's and APEX's interest in the Joint Venture and IPS will revert to 45% and 55%, respectively. The agreement received all regulatory approvals.

The 2009 work program and a US$12.8 million budget on the Joint Venture have been approved, subject to technical agreement between the Joint Venture partners. The budget also includes US$1 million to acquire onshore lands from which the Salloum appraisal well could be drilled. IPS plans to spend additional funds to renovate and upgrade an oil and production platform that it originally acquired for US$2.4 million and then transport it to Tunisia. It is estimated that the total cost to IPS for purchasing and upgrading the platform would be approximately US$18 million, with a total of US$14.1 million having been spent to February 2009.

Recent Developments
To date, Delta has expended a total of US$109.8 million, including US$79.2 million on the work program and US$30.6 million on the IPS Program. Of this amount, approximately US$11.2 million was paid to EII, representing reimbursement of previously incurred costs.

On January 27, 2009, Delta notified EII and APEX of its desire to market its participating interest under these farmout arrangements. Under the terms of the joint operating agreement, EII has a right of first offer, and together with APEX, responded with a settlement offer on February 26, 2009. Discussions are underway between the Joint Venture partners. Depending on the outcome of the discussions, Delta's interest in the Joint Venture may be reversed and EII's interest in the Joint Venture and IPS may revert to 45%. If reversed, EII would be responsible for 45% of future expenditures, including expenditures related to the 2009 work program, IPS activities, and reclamation costs.

Upon completion of drilling and testing the REB-3 well, the Joint Venture partners requested and received approval from the Tunisian government to temporarily suspend the well and release the drilling rig, both of which were done. Agreement by the Tunisian government was subject to the re-interpretation and remapping of seismic data. The well must be abandoned or re-entered by April 23, 2009. The operator is planning to request an extension from the Tunisian government to complete the seismic work after which the Joint Venture partners will decide to either re-enter or abandon the well. In the event of abandonment, the estimated aggregate cost to the Joint Venture is estimated at between US$6 million to US$10 million. If the decision is made to abandon the well, the Joint Venture partners may have to adjust the 2009 work program and budget accordingly.

Expiry of Farmout Option Agreement with Anadarko Petroleum Corporation ("Anadarko")

EII and APEX had entered into a farmout option agreement with Anadarko in May 2006 pursuant to which Anadarko acquired a 520 km^2 3-D seismic survey for $15.5 million. Anadarko did not elect to proceed under the terms of the farmout option agreement by April 1, 2008 and accordingly, forfeited all rights to conduct work or receive any interest in the farmout areas.

Working Capital

Eurogas' working capital increased to $80.9 million as at December 31, 2008 from $2.9 million as at December 31, 2007. The increase in working capital includes the receipt of $29.4 million pursuant to the completion of a rights offering on April 24, 2008, $11.2 million as repayment of past expenditures on the Tunisian program pursuant to the farmout agreement with Delta, and $41.1 million in loans to Escal recognized on deconsolidation of Escal and partially repaid to Eurogas as part of the completion of the ACS Transaction.

Included in working capital at December 31, 2008, are cash and short term deposits of $2.4 million (2007 - $1.2 million) and a portfolio of investments, including discounted notes and guaranteed investment certificates which have been issued by a Canadian Schedule I chartered bank, with a market value of $75.5 million (2007- $nil). These investments have been classified and are being reported as trading securities in these consolidated financial statements.

Resource Based Equity Accounted Investees

Breakwater Resources Ltd.

Breakwater is a mining, exploration and development company which produces zinc, copper, lead and gold concentrates with operations in Canada, Chile and Honduras. Breakwater reported a net loss of $88.3 million on gross revenues of $398.1 million compared with net earnings of $23.4 million on gross revenues of $404.3 million in 2007. The decrease is primarily due to a write-down of mineral properties and fixed assets at its Myra Falls and Mochito properties of $25.3 million and $8.3 million, respectively, and the associated income tax provision due to write downs of future income tax assets. Lower gross sales revenue due to a substantial decrease in the realized prices of zinc, copper and lead, coupled with increases in marketing and direct operating costs further contributed to a decrease in net earnings.

Gross sales revenue from the sale of zinc, copper, lead, silver and gold concentrates decreased by $6.2 million or 2% to $398.1 million in 2008, despite an increase in concentrate sold of 42%. Gross sales were more than offset by decreases in the realized prices of zinc, copper and lead respectively. Direct operating costs increased by $68.2 million to $229.8 million primarily due to increased concentrate sales and higher costs of fuel, labour and supplies.

At December 31, 2008, Breakwater had working capital of $29.2 million compared with $82.6 million at December 31, 2007. Earnings in Breakwater are sensitive to operating performance, metal prices, smelter treatment changes and the U.S. foreign exchange rate.

For the majority of 2008, Breakwater's concentrate production was derived from two mines located in Canada, one each in British Columbia (Myra Falls) and Quebec (Langlois); and a mine located in each of Chile (Toqui) and Honduras (Mochito). The Langlois mine began production in November 2006 and commenced commercial production for accounting purposes on July 1, 2007. On October 28, 2008, Breakwater announced the temporary suspension of operations at both Langlois and Myra Falls.

This decision was precipitated by the decline in commodity prices and the general deterioration of the economic outlook globally, which mitigated the overall operational improvements in production and costs at both mines. At Langlois, the temporary cessation of operations took full effect by November 2, 2008. At Myra Falls, results of exploration activities caused Breakwater to operate on a reduced scale with a smaller workforce. The Langlois mine was placed on care and maintenance effective November 2, 2008. Production may only resume at the Langlois mine and return to prior levels at the Myra Falls mine if zinc prices significantly increase.

Subsequent to December 31, 2008, Breakwater filed a preliminary short form prospectus in connection with a proposed marketed public offering of a minimum of $20 million of common shares of Breakwater. The number of common shares to be distributed and the price per common share will be determined at the time of pricing and the completion of the transaction is subject to various market risks.

Breakwater intends to use the net proceeds of the offering to pay trade creditors, customers and restructuring fees, with the balance available for general corporate purposes. Dundee Corporation has advised Breakwater of its intention to purchase common shares under the offering to maintain its approximate pro rata ownership interest in Breakwater, conditional on a successful financing of $20 million.

During 2008, Dundee Corporation purchased 5 million shares of Breakwater in the open market for $2.9 million. We continue to own approximately 113.0 million shares, representing a 25% interest. Included in our equity earnings for the year ended December 31, 2008 is a loss of $21.6 million, representing our share of losses in Breakwater for this period. Offsetting these losses is a dilution gain of $3.1 million following the issuance of common shares by Breakwater. By comparison, we recognized $6.2 million of earnings in 2007 from our investment in Breakwater.

Based on current commodity prices and projected production for 2009, cash generated from operations would not be sufficient to fund Breakwater's operations. However, it is believed that cash on hand and the net proceeds of the offering, if completed, will be sufficient to fund their operations in 2009 at current commodity prices and operating expenses. Should commodity prices realized by Breakwater in 2010 not increase above current market prices, it may be required to generate funds from other sources, including the sale of assets, the sale of royalties and/or the issue and sale of equity or debt securities. In addition, it may be required to reduce operations at certain mines. In light of these circumstances, we recorded a negative adjustment of $56.1 million against our investment in Breakwater such that we are carrying this investment at $13.6 million at December 31, 2008.

Dundee Precious Metals Inc. ("Dundee Precious")
Dundee Precious is a mining, exploration and development company which produces gold, copper and gold concentrates, with operations in Bulgaria and Armenia and exploration programs in Bulgaria, Serbia, Armenia and Canada. During the year ended December 31, 2008, Dundee Precious reported a net loss of $79.2 million compared with earnings of $15.4 million in 2007. The significant decrease in earnings was mainly due to a property impairment provision of $47.0 million to write down the carrying value of the Back River project, as well as increased losses from mining operations.

Gross losses from mining operations were $4.6 million during 2008 compared with a gross profit of $40.0 million in 2007. The decrease in gross profits from operations was due to lower deliveries of concentrates, unfavourable marked-to-market adjustments relating to the open positions of provisionally priced sales as a result of the significant decrease in copper prices in 2008, and higher production costs at the Deno Gold and Chelopech locations. In addition, Dundee Precious reported investment income of $23.0 million in 2008 compared with $39.7 million in 2007. The reduction reflects lower net realized gains on sales of investments, partially offset by lower investment write-downs. Net realized gains on sales of investments totalled $28.1 million in 2008 compared to net realized gains on sales of investments of $53.7 million in 2007.

Pursuant to a memorandum of understanding with the Bulgarian government signed in July 2008, the Bulgarian government will own a 25% interest in a yet to be formed joint stock company that will construct, own and operate the Chelopech Facility, designed to process the Chelopech copper/gold concentrate into finished metals. Chelopech has also agreed to pay a higher royalty in accordance with the Bulgarian Ordinance on Royalty Computation for all metals that can be mined economically and to provide a financial guarantee for environmental closure and rehabilitation costs for the Chelopech mine.

In response to adverse economic conditions, Dundee Precious announced that steps were being taken to reduce, eliminate and/or defer all non-critical expenditures and to potentially dispose of certain of its exploration assets. While operations in the Chelopech mining facilities will continue their normal course, Dundee Precious temporarily suspended operations at Deno Gold in November 2008. Dundee Precious also ceased all exploration and drilling activities on its Armenian and Serbian properties and at its Back River project in the fourth quarter of 2008.

During this same period, Dundee Precious entered into discussions surrounding strategic opportunities for the advancement of the Back River project. On March 30, 2009, Dundee Precious announced that it had reached an agreement to sell its Back River project to Sabina Silver Corporation (“Sabina”) in exchange for $7.0 million in cash and shares and warrants of Sabina representing an approximate 19% interest. The transaction with Sabina is subject to various conditions, including stock exchange approval and approval of shareholders, as may be required.

During the last quarter of 2008, Dundee Precious successfully completed an equity offering that raised net proceeds of $77.2 million. Dundee Corporation purchased 6.8 million common shares and 3.4 million purchase warrants for $15.3 million under the offering. The purchase warrants give the holder the right to purchase one common share of the company at a price of $3.25 per share until November 20, 2015.

During 2008, we recorded equity losses of $17.9 million in respect of our investment in Dundee Precious. In 2007, we had recorded earnings of $3.5 million. At December 31, 2008, we held approximately 19.4 million shares and 3.9 million warrants of Dundee Precious with an aggregate market value of $29.1 million, representing a 20% interest.

As at December 31, 2008, the market value of our interest in Dundee Precious was below our carrying value. In accordance with accounting guidelines, we recorded a negative adjustment of $54.1 million against our carrying value.

Other Investments in Dundee Resources

Odyssey Resources Ltd. – Odyssey is a Canadian-based junior exploration company whose focus has been in Morocco and Turkey. As at December 31, 2008, we held 11.4 million shares of Odyssey with a market value of $1.3 million, representing a 43% interest. Our share of losses from our investment in Odyssey were $0.4 million in 2008, and in addition, we recorded an adjustment of $0.9 million against our carrying value of $2.8 million. At December 31, 2008, the trading value of our investment in Odyssey was $1.3 million.

Valdez Gold Corporation – Valdez’ business is the acquisition, exploration and subsequent development of mineral resource properties in Mexico, including the Los Jarros and Jarros Norte properties in the province of Chihuahua, as well as other geologically attractive countries with stable political and investment climates. As at December 31, 2008, we held 26.5 million shares of Valdez with a market value of $2.1 million, representing a 33% interest. During 2008 and 2007, we realized a small loss in respect of our share of earnings from this investment.

Corona Gold Corporation – Corona is a resource-focused exploration, development and investment company. At December 31, 2008, we held approximately 5.0 million shares of Corona with a market value of $1.5 million representing a 26% interest. We recorded a loss in 2008 of $0.3 million (2007 – $4.3 million) representing our share of losses incurred by Corona. In addition, we reduced our carrying value by $3.0 million, to $1.5 million.

OTHER INVESTMENTS AND CORPORATE COSTS

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.

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 $10.9 million and $12.2 million in 2008 and 2007, respectively.

Corporate Interest Expense

Corporate interest expense was $9.5 million in 2008 compared with $13.6 million in 2007. The decrease is primarily a function of the reduction in the average outstanding balance of the Company's Exchangeable Debentures over the year.

OTHER CONSOLIDATED BALANCES AND CAPITAL STRUCTURE

Goodwill and Other Intangible Assets

(in thousands of dollars)

	Goodwill	Investment Management Contracts	Institutional Management Contracts	Funds under Administration	Customer Relationships	TOTAL
Balance, December 31, 2006	$347,801	$ 71,377	$ -	$ 15,624	$ 5,874	$440,676
Business acquisitions	843	218	-	-	-	1,061
Allocation of step purchase fair value increase	63,184	203,150	-	-	-	266,334
Amortization	-	-	-	(1,302)	(1,330)	(2,632)
Balance, December 31, 2007	$411,828	$ 274,745	$ -	$ 14,322	$ 4,544	$705,439
Business acquisitions	7,691	-	16,417	-	-	24,108
Sale of subsidiary	(25,314)	(218)	-	(3,560)	-	(29,092)
Allocation of step purchase fair value increase	(18,238)	62,021	-	-	-	43,783
Amortization	-	-	(821)	(1,302)	(1,331)	(3,454)
Balance, December 31, 2008	**$375,967**	**$ 336,548**	**$ 15,596**	**$ 9,460**	**$ 3,213**	**$740,784**

During 2008, DundeeWealth acquired Aurion and BHR which, together, resulted in an increase of $7.7 million in goodwill and $16.4 million in institutional management contracts. The institutional management contracts will be amortized over their estimated useful life of ten years. The disposition of DundeeWealth's Quebec-based mutual fund dealer and insurance distribution operations included a disposition of $25.3 million in goodwill and $3.6 million in funds under administration.

Step Acquisitions in DundeeWealth

The remaining increase in the carrying value of the investment management contract and the associated reduction in goodwill resulted from the step acquisition in DundeeWealth as discussed under "Step Acquisitions of DundeeWealth".

6,000,000 5.00% Cumulative Redeemable First Preference Shares, Series 1 ("Series 1 Shares")
On June 28, 2006, we completed a public offering of 6 million Series 1 Shares. The Series 1 Shares 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 Series 1 Shares permit us to redeem the shares at any time after June 30, 2006 at a redemption price that declines over time, starting at $27.25 per Series 1 Share if the shares are redeemed prior to June 30, 2007, to $25.00 per share if the Series 1 Shares are redeemed after June 30, 2015 (the "Redemption Price Schedule"). We also have the right to convert the Series 1 Shares to Subordinate Shares on the basis of one Series 1 Share 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. We may also repurchase the Series 1 Shares for cancellation, either in the open market or through a private transaction. The Series 1 Shares are retractable by shareholders after June 30, 2016 at a price of $25.00 per Series 1 Share.

In accordance with Canadian GAAP, certain terms of the Series 1 Shares require that they be classified as debt rather than equity. Accordingly, dividends on the Series 1 Shares are included as interest expense on the consolidated statement of operations on an accrual basis.

Corporate Debt

(in thousands of dollars)

	$9.5 million	Revolving Term Credit Facilities			Real	
		$150	$500	$150		
	Exchangeable Debentures	million Corporate	million Subsidiary's	million Subsidiary's	Estate Debt	TOTAL
Balance, December 31, 2007	$ 10,809	$5,737	$ 127,655	$ 59,047	$152,466	$355,714
Conversion of exchangeable debentures	(377)	-	-	-	-	(377)
Revolving term credit facilities	-	76,223	41,951	26,361	-	144,535
Changes in real estate debt	-	-	-	-	30,899	30,899
Unrealized revaluation adjustment	(1,314)	-	-	-	-	(1,314)
Other	50	-	-	-	-	50
Balance, December 31, 2008	$ 9,168	$81,960	$ 169,606	$ 85,408	$183,365	$529,507

Revolving Term Credit Facilities ─ During the third quarter, the Company renewed its $150 million revolving term credit facility with a Canadian chartered bank, extending the expiry date to September 9, 2009. The credit facility continues to provide for a tiered interest rate structure based on the Company's public debt rating. Based on the Company's current debt rating, draws on the credit facility bear interest, at the Company's option, at a Canadian chartered bank's prime lending rate plus 0.25% or Corporate Banker's Acceptance rate plus 1.25%. The Company is subject to a standby fee of 0.375% on unused amounts under the facility. In addition, the renewed credit facility no longer requires that we pledge common shares of DundeeWealth as security against amounts borrowed. As at December 31, 2008, the Company had borrowed $82.0 million pursuant to the credit facility.

The credit facility provided to the Company is subject to renewal annually. There can be no assurance that the credit facility will be renewed on September 9, 2009 under the same terms and conditions as provided in the current credit facility.

5.85% Exchangeable Unsecured Subordinated Debentures ─ *On* June 22, 2005, the Company issued 5.85% exchangeable unsecured subordinated debentures ("Exchangeable Debentures"), which mature on June 30, 2015. Each $1,000 Exchangeable Debenture can be exchanged, at the option of the holder, for 33.6134 units of Dundee REIT, subject to certain conditions. This represents an exchange price of $29.75 per Dundee REIT unit. At December 31, 2008, approximately $9.5 million remained outstanding pursuant to these Exchangeable Debentures. We have placed sufficient units into escrow to satisfy any potential obligation pursuant to the Exchangeable Debentures. Interest on the Exchangeable Debentures is paid semi-annually on June 30 and December 31 of each year.

During 2008, holders of Exchangeable Debentures exercised the conversion feature on $0.4 million of debt. We released 12,669 Dundee REIT units in satisfaction of the conversion feature, recognizing an associated gain on the disposition of the Dundee REIT units of approximately $0.05 million.

Debt of our Subsidiaries

A more detailed discussion of corporate debt in each of our business segments is discussed under "Segmented Results of Operations – Changes in Financial Condition" in respect of each of our business segments.

Future Income Tax Liabilities

Our net future income tax liability at December 31, 2008 was $3.0 million which represents future income tax assets of $212.4 million offset by future income tax liabilities of $215.4 million, as compared to a net future income tax liability of $134.9 million in 2007. Of the significant decrease in net future income tax liabilities, $113 million can be attributed to the recognition by the Company of other-than-temporary impairments in respect of its investment portfolio. Details of the components of the Company's future income tax assets and future income tax liabilities are included in note 20 to the 2008 Audited Consolidated Financial Statements.

Future income tax liabilities in respect of the wealth management segment include $101.9 million (2007 – $79.2 million) relating to investment management contracts acquired in business combinations and $73.8 million associated with deferred sales commissions (2007 – $67.2 million).

Included in future income tax assets at December 31, 2008, is $171.0 million (2007 – $66.5 million) representing the Company's estimate of the benefit realizable from tax loss carry forwards. The realized benefit from these tax loss carry forwards at December 31, 2008 is based on aggregate losses of $633.7 million (2007 – $291.2 million), net of valuation allowances of $46.9 million (2007 – $63.4 million). As the majority of these losses were incurred in recent years, we are subject to a 20-year carry forward period over which we may realize the benefit of these losses.

Non-Controlling Interest

Non-controlling interest decreased during 2008 to $615.1 million from $726.4 million at the end of 2007.

(in millions of dollars)

	Dundee Wealth	Eurogas	Dundee Realty	TOTAL
Balance, December 31, 2007	$648.5	$52.7	$25.2	$726.4
Business acquisition	12.6	(5.1)	-	7.5
Net income	(95.9)	(0.9)	22.6	(74.2)
Other comprehensive income	2.3	0.4	1.2	3.9
Cash distributions/dividends	(6.1)	(10.1)	-	(16.2)
Public offerings of shares of subsidiaries	-	10.9	-	10.9
Other transactions*	(45.4)	0.8	1.4	(43.2)
Balance, December 31, 2008	**$516.0**	**$48.7**	**$50.4**	**$615.1**

* Included in other transactions for DundeeWealth is the effect of the step acquisitions completed during 2008 (See "Step Acquisitions in DundeeWealth").

Share Capital

As at December 31, 2008, there were 71,139,788 Class A subordinate shares and 3,119,788 Class B common shares outstanding. During 2008, we issued 275,000 Class A subordinate shares on the exercise of options at an average price of $7.39 per share. As at December 31, 2008, we had granted 3,559,644 options with a weighted average exercise price of $6.63 of which 3,268,644 options were exercisable, as holders had met the vesting criteria. As at March 31, 2009, there were 71,119,088 Class A subordinate shares and 3,119,788 Class B common shares outstanding.

Pursuant to a normal course issuer bid, the Company acquired 1,598,911 Class A subordinate voting shares for cancellation at an aggregate cost of $20.4 million. Subsequent to December 31, 2008, we acquired a further 260,700 Class A subordinate voting shares pursuant to this arrangement at a cost of $1.1 million.

CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

Significant Sources and Uses of Cash and Cash Equivalents
As at December 31, 2008, cash and cash equivalents were $167.6 million compared with $126.9 million at December 31, 2007. We incurred net cash inflows from continuing operations during the current year of $40.5 million.

Significant cash flows during 2008 are as follows:

Significant Cash Flows from Operating Activities

- ✓ The effect of changes in client account balances and securities owned and sold short will vary significantly on a day-to-day basis as previously noted. These changes will cause movements in cash in our operating subsidiaries. Changes in cash resulting from these types of transactions may not necessarily reflect any meaningful change in our own financial position, or that of DundeeWealth. During 2008, variations in these balances resulted in net cash inflows of $53.7 million (2007 – $47.7 million cash outflows).
- ✓ Bank indebtedness, which reflects the use of DundeeWealth's brokerage subsidiary's call loan facilities may also vary significantly on a period by period basis. During 2008, changes in call loan balances generated cash outflows of $43.1 million (2007 – $6.5 million).
- ✓ Dundee Realty generated cash of $29.0 million in respect of the development of land, housing and condominium inventory. In 2007, these real estate activities required cash of approximately $17.6 million.
- ✓ Changes in working capital of our real estate segment are project driven and cash flows may be dependent on the period in which a development project is undertaken, completed, or sold. In 2008, working capital requirements in our real estate division were $75.8 million (2007 - $9.6 million).

Significant Cash Flows from Investing Activities

- ✓ During the first quarter of 2008, we paid cash of $69.9 million to complete market purchases of DundeeWealth as discussed under "Step Acquisition of DundeeWealth". In the second quarter, we spent $19.3 million to acquire additional shares of Eurogas pursuant to a rights offering, and we spent a further $5.6 million in the third quarter to acquire Aurion and BHR.
- ✓ Gross additions of new AUM were $8.7 billion in 2008 (2007 – $7.3 billion). Sales commissions paid on these new AUM were $108.9 million (2007 – $100.7 million).
- ✓ During 2008, we invested $102.9 million (2007 – $714.0 million) in new investments or in acquiring an increased interest in existing investment portfolio positions. Proceeds from sales of corporate investments were $116.6 million in 2008 (2007 – $268.2 million).
- ✓ Real estate acquisitions and development activities (other than for inventory referred to above) required cash of $30.0 million in the year ended December 31, 2008 compared with $18.2 million in 2007.

Significant Cash Flows from Financing Activities

- ✓ During 2008, we purchased 1,598,911 Class A subordinate shares for cancellation under our normal course issuer bid at an aggregate cost of $20.4 million.
- ✓ In 2008, DundeeWealth purchased its own common shares for cancellation under its normal course issuer bid at an aggregate cost of $22.8 million (2007 – $4.7 million).
- ✓ During 2008, DundeeWealth drew $42.0 million (2007 – $107.4 million) against its corporate revolving term credit facility.
- ✓ We drew $76.2 million against our own revolving term credit facility.
- ✓ Our subsidiaries paid dividends to shareholders and/or distributions to non-controlling limited partners of $7.7 million.

Our main operating subsidiaries in the wealth management segment function in regulated environments and are therefore required to maintain levels of capital in liquid assets in accordance with regulatory requirements. At December 31, 2008, regulated entities exceeded required levels, with working capital of $45.2 million (2007 – $115.4 million) in DundeeWealth's investment management operations and excess regulatory capital of $64.2 million (2007 – $36.8 million) in its brokerage operations. In the case of DundeeWealth's brokerage operations, the amount of capital that exists within the regulated entity dictates the level of business operations within the securities firm, including margin lending, securities trading and corporate finance commitments. Furthermore, DundeeWealth's ability to transfer cash resources out of these regulated subsidiaries may be limited by the requirement to comply with these formulas.

Cash Requirements

The Company's $150 million revolving term credit facility allows us to manage our cash flow requirements by not having to dispose of investments at an inopportune time. At December 31, 2008, we had drawn an aggregate of $82.0 million pursuant to the terms of this credit facility.

On an ongoing and consolidated basis, the Company will require cash to support regulatory capital in its regulated subsidiaries, to support new business initiatives, to finance the sales commissions associated with new products, to develop our real estate inventory and our resource related properties, to purchase corporate investments, to meet the obligations under our other contractual commitments and to finance interest and dividend payments on our preferred shares and debt obligations. The potential success of our business initiatives may necessitate increased capital beyond anticipated levels.

A recurring capital requirement within DundeeWealth is the financing required for mutual fund sales commissions, which DundeeWealth continues to fund internally, thereby permitting it to retain all of the management fees associated with the new assets and to benefit from the tax deduction associated with the commission expense. From time to time, DundeeWealth elects to be a seed investor in new products which it launches. As at December 31, 2008, DundeeWealth had approximately $330 million in unutilized borrowings under its bank credit facility.

As discussed above, DundeeWealth's brokerage operations must comply with a regulatory capital formula. The brokerage subsidiary will require additional capital if its operating levels increase, and also if it incurs significant losses or increases its exposures as determined by the capital formula. For example, in periods of significant decline in equity values such as those experienced during the latter part of the third quarter, additional levels of capital may be required to support client lending in margin accounts.

Our real estate segment will require working capital to finance development of planned land and housing and condominiums projects. The revolving term credit facility of $150 million in our real estate segment, provides us with increased flexibility to operate this business efficiently.

At December 31, 2008, Eurogas had cash resources of approximately $67.9 million, of which $65.5 million were invested in guaranteed investment certificates and discounted notes issued by a Canadian Schedule I Chartered bank. EII had additional allocated cash reserves of $10 million. EII may require cash to finance drilling of its property in Tunisia in order to retain its interest in the Joint Venture pursuant to the farmout agreement with Delta. EII will only be required to fund expenditures once Delta's commitment pursuant to the Delta agreement has been met.

We believe that our operating cash flows, combined with our available lines of credit, provide sufficient cash resources for the Company to conduct its operations for the foreseeable future.

SEGMENTED RESULTS OF OPERATIONS
Three months ended December 31, 2008 compared with the three months ended December 31, 2007
(in thousands of dollars) **2008**

For the three months ended December 31, 2008	Wealth Management	Real Estate	Resources	Other Investments and Corporate Costs	Intersegment	TOTAL
REVENUES						
Management fees	$ 94,068	$-	$ -	$ -	$ -	$94,068
Redemption fees	5,127	-	-	-	-	5,127
Financial services	70,024	-	-	269	(270)	70,023
Banking interest income	-	-	-	-	-	-
Real estate revenues	-	186,438	-	-	-	186,438
Investment income	4,357	96	987	682	(2,302)	3,820
	173,576	186,534	987	951	(2,572)	359,476
EXPENSES						
Selling, general and administrative	79,058	2,542	506	1,772	(269)	83,609
Variable compensation	52,546	-	-	-	-	52,546
Trailer service fees	26,759	-	-	-	-	26,759
Banking interest expense	-	-	-	-	-	-
Operating costs, real estate	-	138,455	-	-	-	138,455
	158,363	140,997	506	1,772	(269)	301,369
OPERATING EBITDA	15,213	45,537	481	(821)	(2,303)	58,107
Amortization of deferred sales commissions	21,570	-	-	-	-	21,570
Depreciation, depletion and amortization	5,312	970	20	475	-	6,777
Fair value adjustment of available-for-sale securities	-	-	-	-	-	-
Interest expense	7,216	2,530	993	3,334	(3,121)	10,952
Equity losses (earnings)	-	(373)	31,503	-	-	31,130
Fair value adjustments	117,181	-	149,533	4,751	-	271,465
Foreign exchange loss (gains)	11,556	-	(1,421)	77	-	10,212
Gain on exchangeable debentures	-	-	-	-	-	-
OPERATING EARNINGS (LOSS) BEFORE UNDERNOTED ITEMS	(147,622)	42,410	(180,147)	(9,458)	818	(293,999)
Loss on sale of subsidiary	(17,679)	-	-	-	-	(17,679)
	-					
Non-controlling interest	65,130	(14,459)	(819)	-	-	49,852
NET (LOSS) EARNINGS BEFORE NON-SEGMENTED ITEMS	(100,171)	27,951	(180,966)	(9,458)	818	(261,826)
Dilution gains						2,280
Income taxes						74,949
Net (loss) earnings from continuing operations	(100,171)	27,951	(180,966)	(9,458)	818	(184,597)
Earnings from discontinued operations of DundeeWealth, net of tax and non-controlling interest	-	-	-	-	-	-
Share of earnings of discontinued operations of Dundee REIT, net of tax	-	-	-	-	-	-
NET (LOSS) EARNINGS FOR THE PERIOD	$ (100,171)	$27,951	$(180,966)	$ (9,458)	$ 818	**$(184,597)**

(in thousands of dollars)						**2007**
For the three months ended December 31, 2007	Wealth Management	Real Estate	Resources	Other Investments and Corporate Costs	Intersegment	TOTAL
REVENUES						
Management fees	$ 217,553	$-	$-	$ -	$ -	$217,553
Redemption fees	3,465	-	-	-	-	3,465
Financial services	95,537	-	350	987	(487)	96,387
Banking interest income	-	-	-	-	-	-
Real estate revenues	-	122,660	-	-	-	122,660
Investment income (loss)	7,950	4,873	536	6,258	(2,568)	17,049
	324,505	127,533	886	7,245	(3,055)	457,114
EXPENSES						
Selling, general and administrative	97,421	1,727	1,867	3,104	(487)	103,632
Variable compensation	65,436	-	-	-	-	65,436
Trailer service fees	34,166	-	-	-	-	34,166
Banking interest expense	-	-	-	-	-	-
Operating costs, real estate	-	80,548	-	-	-	80,548
	197,023	82,275	1,867	3,104	(487)	283,782
OPERATING EBITDA	127,482	45,258	(981)	4,141	(2,568)	173,332
Amortization of deferred sales commissions	18,065	-	-	-	-	18,065
Depreciation, depletion and amortization	3,812	1,795	1	690	-	6,298
Interest expense	5,862	2,887	992	2,647	(3,386)	9,002
Equity losses (earnings)	-	(2,742)	6,632	-	-	3,890
Fair value adjustment of available-for-sale securities	37,607	-	-	-	-	37,607
Foreign exchange (gains) loss	(377)	-	(385)	30	-	(732)
Gain on exchangeable debentures	-	-	-	(1,944)	-	(1,944)
OPERATING EARNINGS (LOSS) BEFORE UNDERNOTED ITEMS	62,513	43,318	(8,221)	2,718	818	101,146
Investment provision	-	-	-	-	-	-
Non-controlling interest	(26,389)	(4,262)	(4)	-	-	(30,655)
NET EARNINGS (LOSS) BEFORE NON-SEGMENTED ITEMS	36,124	39,056	(8,225)	2,718	818	70,491
Dilution gains						2,125
Income taxes						(21,559)
Net earnings (loss) from continuing operations	36,124	39,056	(8,225)	2,718	818	51,057
Earnings from discontinued operations of DundeeWealth, net of tax and non-controlling interest	(3,935)	-	-	-	-	(3,935)
Share of earnings of discontinued operations of Dundee REIT, net of tax	-	689	-	-	-	689
NET (LOSS) EARNINGS FOR THE PERIOD	$ 32,189	$39,745	$(8,225)	$ 2,718	$ 818	**$47,811**

QUARTERLY CONSOLIDATED RESULTS OF OPERATIONS

Three months ended December 31, 2008 compared with the three months ended December 31, 2007

The net loss in the fourth quarter of 2008 was $184.6 million, compared with net earnings of $47.8 million in the fourth quarter of 2007.

SEGMENTED EARNINGS INFORMATION FOR THE FOURTH QUARTER OF 2008

In the fourth quarter of 2008, our wealth management segment earned EBITDA of $15.2 million, but incurred a net loss from continuing operations of $100.2 million, after non-controlling interest. This compares with EBITDA of $127.5 million and net earnings from continuing operations of $36.1 million, after non-controlling interest, in the fourth quarter of 2007.

DundeeWealth Inc.

During the fourth quarter of 2008, DundeeWealth recognized a $117.2 million fair value adjustment in the carrying value of AFS securities, which adversely affected the operating results of this business segment. This compares with $37.6 million in the fourth quarter of 2007. The fourth quarter also includes a loss on divestiture of DundeeWealth's network of Quebec-based advisors of $17.7 million, a foreign currency loss of $11.6 million and an increase in severance costs related to DundeeWealth's integration plan launched in 2008. Severance costs in the fourth quarter of 2008 were $11.0 million compared with severance costs of $2.7 million in the same period of 2007.

DundeeWealth recognized net performance fee revenue of $79.0 million in the fourth quarter of the prior year. There was no performance fee revenue earned in the fourth quarter of the current year.

In the fourth quarter of 2008, market depreciation combined with net redemptions, resulted in DundeeWealth's average AUM, excluding acquisitions, decreasing to $20.5 billion compared with $26.4 billion in the fourth quarter of 2007. The decrease in average AUM resulted in a $25.6 million decrease in management fee revenues. The average management fee rate earned on these assets decreased to 1.66% in the fourth quarter of 2008 from 1.73% in the same period of 2007, thereby reducing management fee revenue by a further $3.8 million. The acquisitions of Aurion and BHR added $3.2 million in management fees on average AUM of $3.6 billion, resulting in total management fees earned in the quarter of $88.2 million.

Trailer service fee expense, before intercompany eliminations, decreased to $28.2 million in the fourth quarter of this year compared with $36.0 million in the fourth quarter of 2007, and is consistent with the decrease in average trailer fee paying AUM.

DundeeWealth's financial segment generated gross margins of $23.1 million in the fourth quarter of 2008 compared with $38.2 million in the same period of 2007. Reflecting a significant reduction in capital markets activities following continued market weakness, approximately 62% of gross margin in the fourth quarter of 2008 was generated by retail distribution activities. SG&A costs in the fourth quarter of 2008 included $6.7 million of severance costs related to DundeeWealth's integration efforts, compared with severance costs of $3.3 million in the same period of 2007.

Consistent with results experienced throughout 2008, retail commissions and trailer service fee revenues declined in the fourth quarter of 2008 compared with results in the fourth quarter of 2007. The combination of reduced investor activity in financial markets during the quarter and the impact of current market declines on DundeeWealth's AUA resulted in an overall decline in revenues of $22.9 million or 26% compared with the same period of 2007.

Variable compensation expense relating to retail distribution activities was $54.7 million in the fourth quarter of 2008 (2007 – $69.0 million), which resulted in a contribution margin of 21% (2007 – 26%). The decrease in contribution margin is a result of an increased proportion of advisor revenues generating a higher compensation level due to greater prior year production levels which formed the basis of 2008 compensation levels.

Aggregate revenues from capital markets activities were $17.6 million in the fourth quarter of 2008 compared with $23.7 million in the same period of the prior year. DundeeWealth's capital markets division experienced substantially lower than anticipated financing activity as well as trading losses. This year over year decline is consistent with decreased market activity and reduced public offerings within the industry.

New issue and advisory revenue was $8.3 million in the fourth quarter of 2008, compared with $12.6 million earned in the same period of the previous year, a decline of 34%, consistent with industry results as discussed above. In the three months ended December 31, 2008, Dundee Securities participated in 42 (2007 ─ 46) public and private new issue transactions, with the resources sector accounting for 67% of aggregate new issue revenue. The industrial sector accounted for a further 24% of revenues in the fourth quarter of 2008, while deals in various other sectors, such as the real estate and biotechnology sectors, account for the remaining 9%.

Variable compensation expense relating to capital markets activities was $8.8 million in the fourth quarter of 2008 compared with $10.1 million in the comparable period of 2007. This resulted in a gross margin on capital markets revenues of 50% in 2008 compared with a gross margin of 57% in 2007, reflecting the effect of departmental trading losses in the fourth quarter of 2008.

SG&A costs were $79.1 million in the fourth quarter of 2008 compared with $97.4 million in the fourth quarter of 2007. Included in prior year SG&A expenses is approximately $16.8 million of expenses relating to performance fee arrangements. There is no comparable expense in 2008. In addition, during the fourth quarter of 2008, DundeeWealth accrued severance costs of approximately $11 million compared with severance costs of $2.7 million in the fourth quarter of 2007. After adjusting for these items, SG&A expenses were $68.1 million in the fourth quarter of 2008 compared with $77.9 million in the fourth quarter of 2007. The decrease reflects the initiative undertaken by DundeeWealth during 2008 to improve efficiencies.

Real Estate Segment

Land and housing operations in our real estate segment generated contribution margins of $46.0 million or 25.1% on revenues of $183.2 million in the fourth quarter of 2008. This compares with margins of $40.0 million or 33.6% on revenues of $119.0 million in the fourth quarter of 2007.

(in thousands of dollars)

	Three months to December 31, 2008				*Three months to December 31, 2007*			
Components of Real Estate Operations*	Revenue	Costs	Margin	% Margin	Revenue	Costs	Margin	% Margin
Revenue properties	$9,126	$7,408	$1,718	18.8 %	$7,595	$7,040	$555	7.3 %
Land	57,193	39,890	17,303	30.3 %	73,146	43,936	29,210	39.9 %
Housing and condominiums	115,279	89,863	25,416	22.0 %	33,602	28,011	5,591	16.6 %
Other	1,580	-	1,580	N/A	4,614	-	4,614	N/A
	$183,178	**$137,161**	**$46,017**	**25.1 %**	**$118,957**	**$78,987**	**$39,970**	**33.6 %**

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

Revenue from land sales in the fourth quarter of 2008 was $57.2 million, generating operating profits of $17.3 million or 30.3%. This compares with revenues of $73.1 million generating operating profits of $29.2 million or 39.9% in the same quarter of 2007. Net operating profits have decreased mainly as a result of fewer lot and parcel sales in Saskatoon, Edmonton, Calgary and Toronto partially offset by increased lot and parcel sales in Regina and Edmonton. The average margin decreased to 30.3% from 39.9% in the fourth quarter of 2007, primarily attributable to the sale of a 160-acre undeveloped land parcel in Calgary in 2007 at a significantly higher margin compared to sales of serviced land. Dundee Realty sold 152 lots at an average selling price of $86,000 per lot in 2008 compared to 502 lots at an average selling price of $115,000 per lot in 2007. Excluding the impact of the sales of undeveloped lands, Dundee Realty sold 162 acres of multi-family and commercial land at an average selling price of $272,000 per acre in 2008 compared to 13 acres sold at an average selling price of $295,000 per acre in 2007.

Revenue from revenue properties increased to $9.1 million in the fourth quarter from $7.6 million in the same period in 2007. This growth generated operating profits of $1.7 million, representing a margin of 18.8% and an increase of $1.2 million over the same period in 2007. The increase is mainly attributable to a tenant termination that occurred in the fourth quarter of 2007 at the Distillery Historic District in Toronto for which the space was re-leased and fully occupied in 2008. Dundee Realty's ski operations in Colorado contributed $0.5 million to operating profits, representing a decrease of 28% from the prior year reflecting higher operating expenses compounded by the appreciation of the US dollar.

Revenue from sales of housing and condominium units increased in the fourth quarter to $115.3 million from $33.6 million in the same period of 2007. The increase is primarily attributable to the Pure Spirit project in Toronto reflecting the occupancy of 360 condominium units. The remaining 23 units will be occupied in the first quarter of 2009 with condominium registration and closings scheduled for April 2009. Housing operations in western Canada continued to achieve modest growth compared to 2007 that translated into a $1.6 million increase in operating profits, mainly as a result of strong demand and higher average selling prices. Partially offsetting these improvements in the quarter are decreases related to housing operations in Toronto which had no sales in the quarter compared to 116 in the fourth quarter of 2007. Housing operations in Saskatoon and Regina experienced steady demand resulting in margins increasing to 18.7% in 2008 from 11.6% in 2007. During the fourth quarter of 2008, housing operations in western Canada sold 56 units at an average selling price of $298,000 per unit translating into a $3.1 million operating profit compared to $1.6 million profit in 2007 when 59 units were sold at an average selling price of $230,000 per unit. At the end of 2008, there were 155 housing units in inventory of which 108 were pre-sold.

Management fee revenues decreased to $3.3 million and generated $2.0 million of operating profits representing a 60.3% operating margin. The $0.2 million decrease in operating profit from 2007 is due to a reduction in acquisition fees earned as DREAM did not complete any acquisitions on behalf of its clients in the fourth quarter of 2008.

Resources Segment

Operating EBITDA in our resources segment was $0.5 million in the fourth quarter of 2008 compared with a loss in EBITDA in the fourth quarter of 2007 of $1.0 million. The change in earnings is due to a decrease in operating costs with respect to certain resource-based investments in the fourth quarter of 2008, as a result of actions taken to reduce costs and increase efficiency in response to current economic conditions.

As discussed previously, the global economy has resulted in significant difficulties for our resource-based equity accounted investees. As a result, our share of losses from our resource-based equity accounted investments was $31.5 million in the fourth quarter of 2008 compared with losses of $6.6 million in the same period of 2007. In addition, and as discussed previously, during the fourth quarter of 2008, we recognized a fair value adjustment of $149.5 million against the carrying values of our investments.

Breakwater

In the three months ended December 31, 2008, Breakwater incurred a net loss from mining activities of $53.5 million, which includes a write-down of mineral properties and fixed assets of $19.5 million, compared with $38.3 million in the fourth quarter of 2007. Gross sales revenues were $100.1 million in the current quarter compared with $135.5 million in the fourth quarter of 2007. While sales of concentrate increased by approximately 2%, this was offset by a substantially lower zinc price, and Breakwater experienced higher direct operating costs due to increased costs for fuel and labour.

Our share of the losses from our investment in Breakwater was $13.3 million in the fourth quarter of this year compared with losses of $8.4 million in the fourth quarter of 2007.

Dundee Precious

In the fourth quarter of 2008, Dundee Precious generated a net loss of $80.0 million compared with a loss of $9.5 million in the fourth quarter of 2007. Margins from mining operations were a loss of $19.2 million in the current quarter compared with contribution margins from mining activities of $3.3 million in the fourth quarter of 2007. The loss from mining operations during the current quarter was primarily due to lower deliveries of concentrates, unfavourable marked-to-market adjustments relating to the open positions of provisionally priced concentrate sales and higher production costs at Deno Gold and Chelopech.

Earnings in the current quarter reflect a property impairment provision of $48.8 million and investment losses of $5.8 million. This compares with investment earnings of $8.3 million in the same period of last year, with a small property impairment provision of $0.2 million.

Our share of the losses from our investment in Dundee Precious was $17.7 million in the fourth quarter of 2008 compared with losses of $2.5 million in the fourth quarter of 2007.

CONSOLIDATED QUARTERLY RESULTS

(in thousands of dollars, except per share amounts)

For the three months ended,	*2008*				*2007*			
	31-Dec	30-Sep	30-June	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar
Revenues	$359,476	$317,123	$284,042	$268,014	$457,114	$329,422	$311,692	$300,704
Dilution gain (loss)	2,280	2,673	(4,798)	423	2,125	74,127	3,263	57,076
Net (loss) earnings from continuing operations	(184,597)	(1,916)	6,585	(16,333)	51,057	114,078	17,034	95,470
Gain (loss) from discontinued operations of DundeeWealth (a)	-	-	-	69	(3,935)	(75,032)	1,422	(2,270)
Share of earnings of discontinued operations of Dundee REIT (b)	-	-	-	-	689	93,063	1,074	1,083
Net (loss) earnings for the period	**$(184,597)**	**$(1,916)**	**$6,585**	**$(16,264)**	**$47,811**	**$132,109**	**$19,530**	**$94,283**
(Loss) earnings per share								
Basic								
Continuing operations	$(2.48)	$(0.03)	$0.09	$(0.22)	$0.68	$1.51	$0.23	$1.27
Discontinued operations	-	-	-	-	(0.05)	0.24	0.03	(0.02)
	$(2.48)	$(0.03)	$0.09	$(0.22)	$0.63	$1.75	$0.26	$1.25
Diluted								
Continuing operations	$(2.48)	$(0.03)	$0.08	$(0.22)	$0.63	$1.33	$0.20	$1.21
Discontinued operations	-	-	-	-	(0.04)	0.30	0.03	(0.01)
	$(2.48)	$(0.03)	$0.08	$(0.22)	$0.59	$1.63	$0.23	$1.20

(a) Net of tax and non-controlling interest
(b) Net of tax

- ➢ The fourth quarter of 2008 includes a fair value depreciation adjustment, before non-controlling interest, of $271.5 million, including $100.0 million relating to DundeeWealth's investments in CLOs, $114.2 million relating to certain of our equity accounted investments and $57.3 million relating to our AFS investments.
- ➢ The fourth quarter results include a loss on sale of a subsidiary of DundeeWealth, of $17.7 million, before non-controlling interest.
- ➢ Integration efforts implemented by DundeeWealth during 2008 resulted in severance costs of which $11.0 million were accrued in the fourth quarter of 2008.
- ➢ The first and third quarters of 2008 include a fair value depreciation adjustment, before non-controlling interest, of $75.9 million and $37.9 million, respectively, to DundeeWealth's ABCP portfolio. DundeeWealth had previously recognized a $37.6 million fair value depreciation adjustment, before non-controlling interest, in this portfolio during the fourth quarter of 2007 as well as a

$57.6 million fair value adjustment in the third quarter of 2007, which was included in the loss from discontinued operations, net of non-controlling interest.

- Primarily as a result of the sale of portfolio assets of Dundee REIT to GE, the Company recorded equity earnings, net of tax, of $93.1 million in the third quarter of 2007. These earnings represent the Company's share of the gain recognized by Dundee REIT in respect of the transaction. The operations and resulting gain on sale of the assets have been recorded as our share of earnings of discontinued operations of equity accounted investees.
- Also included in earnings during the third quarter of 2007 is a loss of $75.0 million, representing the discontinued operations and resulting loss on sale realized by DundeeWealth on the sale of Dundee Bank of Canada and other banking operations. This loss from sale includes the $57.6 million fair value adjustment to DundeeWealth's ABCP portfolio referred to above, net of taxes and non-controlling interest.

- In the third quarter of 2007, we recorded a significant dilution gain of $74.1 million, primarily as a result of the issuance of equity by DundeeWealth to The Bank of Nova Scotia in that quarter. A similar dilution gain of $55.7 million was recorded in the first quarter of 2007 in respect of shares issued by DundeeWealth on the acquisition of the non-controlling shareholder's interest.
- Real estate operations are project driven. Real estate revenue and associated real estate operating costs are only included in operations in periods where a development project is completed and sold. Otherwise, these costs are deferred in real estate inventory. This may also cause significant fluctuations in net operating earnings from period to period.
- Revenues in the fourth quarter of 2007 from our wealth management operations, include performance fee revenues. These performance fee revenues are based on the market values of the underlying portfolio as at the respective year end, and accordingly, they are recorded as revenues only when such year end values have been finalized. Fourth quarter investment management revenues in 2007 included performance fee revenues of $96.5 million. Associated performance fee related expenses have also been incurred in this period. There was no performance fee revenue earned in the fourth quarter of 2008.
- Consistent with activity in the wealth management industry, our brokerage and mutual fund dealer activities expect higher retail commissions and trailer service fee revenue in the first quarter of each year as this is the high-volume RRSP season. However, in the first quarter of 2008, and consistent with general markets and industry activity, revenues were below those experienced in the first quarter of prior years.
- Investment income includes income earned from dispositions of our investment holdings. Investment gains or losses are only recorded when we dispose of an investment and we therefore experience significant quarterly fluctuations in these amounts, depending on when we actually effect a disposition.
- Our share of earnings of equity accounted investees is included in net earnings for each quarter. Earnings from each of our equity accounted investees and dilution gains and losses in investee companies may fluctuate significantly from period to period and may depend on market forces or other operating conditions that are not necessarily under our control. During the third and fourth quarters of 2008, our resources segment experienced significant decreases in commodity prices and rising operating costs which had an adverse impact on our share of earnings.
- As discussed throughout this report, our results in the third and fourth quarters of 2008 were substantially impacted by significant global market declines.

CONTINGENCIES AND COMMITMENTS

Contingencies and commitments are detailed in note 24 to the 2008 Audited Consolidated Financial Statements. The following table summarizes payments due for the next five years and thereafter in respect of our contractual obligations and the obligations of our subsidiaries.

(in thousands of dollars)

	Expected Payments Schedule				
	2009	2010 to 2011	2012 to 2013	Thereafter	TOTAL
5.85% Exchangeable Debentures	$-	$-	$-	$9,545	$9,545
Bank debt (note i)	167,368	-	169,606	-	336,974
Real estate debt	142,482	8,032	4,356	30,399	185,269
Lease and other commitments (note ii and iii)	34,901	22,864	16,958	54,648	129,371
Interest	15,072	10,059	6,017	3,877	35,025
	$359,823	$40,955	$196,937	$98,469	$696,184

(i) In 2008, the Company renewed its revolving term credit facility, extending the maturity date to September 9, 2009. On August 29, 2008, DundeeWealth renewed its $500.0 million revolving credit facility extending the expiry date to September 9, 2009, subject to a four year term-out.

(ii) Operating lease obligations include minimum lease commitments to landlords, suppliers and service providers. Several of these leases oblige the Company or its subsidiaries to pay additional amounts if usage or transaction activity exceeds specified levels. The Company does not have any capital leases.

(iii) DundeeWealth has entered into compensation arrangements with certain employees and advisors that provide for the delivery of shares or other forms of compensation in the future, subject to vesting requirements as provided in the terms of each arrangement. In addition to awards issued pursuant to DundeeWealth's share incentive arrangements and other forms of stock based compensation as outlined in note 19 to the 2008 Audited Consolidated Financial Statements, DundeeWealth has commitments of approximately $12.2 million in future compensatory awards for employees. This amount has been included as "lease and other commitments" in the table above.

Wealth Management Segment

✓ In 2006, DundeeWealth entered into a lease of office space for 215,900 square feet in downtown Toronto, Ontario in order to consolidate the operations of its various business units in one location. The lease commenced January 1, 2007 and has a minimum term of 15 years. Future minimum lease payments, exclusive of any operating costs and realty taxes, are $77.2 million in aggregate and have been included in the table above.

✓ DundeeWealth has established share incentive plans for its employees, officers, financial advisors and directors and those of its subsidiaries. DundeeWealth has granted stock based compensation pursuant to these arrangements, with the issuance of such shares being contingent on certain conditions. The conditions that must be met vary from grant to grant, but are generally designed to encourage the retention of employees and financial advisors over time, and/or to reward the attaining of certain predetermined performance criteria. The potentially dilutive effect of issuing these shares has been factored into the determination of diluted earnings per share. These future issuances are not reflected in the above table.

✓ As part of the transaction with The Bank of Nova Scotia in August 2007, pursuant to which DundeeWealth sold its interest in Dundee Bank of Canada and The Bank of Nova Scotia subscribed for an approximate 18% interest in DundeeWealth, we entered into a shareholders' agreement with The Bank of Nova Scotia outlining our respective rights and interests as shareholders of DundeeWealth. The shareholders' agreement includes matters relating to the purchase of shares, board representation, rights of first offer and matching offers in the event a shareholder wishes to dispose of their interest. In specific circumstances, should we dispose of our share in DundeeWealth to a third party, The Bank of Nova Scotia may be entitled to a fee payable by DundeeWealth in an amount of between $20 million and $40 million.

Real Estate Segment

√ Dundee Realty has commitments under land purchase agreements totalling $2.8 million as at December 31, 2008 (2007 - $11.6 million) which will become payable in future periods upon the satisfaction of certain conditions pursuant to such agreements. Estimated costs to complete land and housing and condominium projects which have not been accrued at December 31, 2008 were $8.3 million (2007 - $5.8 million). This future commitment has not been included in the above table.

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

√ Dundee Realty has commitments under a wind turbine purchase agreement through its joint venture investment in a windmill development project for $10.5 million which will become payable upon delivery and installation of certain equipment.

Resources Segment

√ Subsequent to the year end, on January 19, 2009 the Tunisian Hydrocarbon Committee approved a two-year extension on the Sfax Exploration Permit which will extend the primary term to December 8, 2011. The extension requires that Eurogas commit to the drilling of one new exploration well during the extension period.

√ Upon completion of drilling and testing the REB-3 well in Tunisia, EII and its Joint Venture partners requested and received approval from the Tunisian government to temporarily suspend the well and release the drilling rig, both of which were done. Agreement by the Tunisian government was subject to the re-interpretation and remapping of seismic data. The well must be abandoned or re-entered by April 23, 2009. The operator is planning to request an extension from the Tunisian government to complete the seismic work after which the Joint Venture partners will decide to either re-enter or abandon the well. In the event of abandonment, the cost is estimated at between US$6 million and US$10 million, of which EII's share of the costs would be approximately 22.5%.

OFF-BALANCE SHEET ARRANGEMENTS

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

Dundee Realty is contingently liable for letters of credit and security bonds that have been provided to support land development in the amount of $39.9 million as at December 31, 2008 (2007 - $24.5 million).

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 $9.9 million as at December 31, 2008 (2007 - $6.9 million). The Company would have available to it the other venturer's share of assets to satisfy the obligations, if any, that may arise.

FINANCIAL INSTRUMENTS

From time to time, our brokerage subsidiary may enter into various derivative contracts to meet the needs of customers, earn trading income and manage exposure to market or foreign exchange risk. At December 31, 2008, the brokerage subsidiary held foreign exchange contracts which are being used to mitigate foreign exchange exposure. The principles of hedge accounting were not applied and, therefore, fluctuations in foreign exchange rates may impact our operating results. These foreign exchange contracts are included in trading securities owned or trading securities sold short, as appropriate, on our consolidated balance sheets.

We are also exposed to market risk resulting from fluctuations in the price of other financial instruments, including securities owned and securities sold short and our AFS securities holdings. Market risk may occur with volatility in interest rates and global market conditions. These fluctuations may have an impact on our operating results.

RELATED PARTY TRANSACTIONS

Other than as disclosed elsewhere in this document, the particulars of related party transactions as at and for the years ended December 31, 2008 and 2007 are discussed below.

√ As at December 31, 2008, we held mutual funds and other investments with a net carrying value of $68.8 million (2007 – $172.6 million) managed by our subsidiaries. In addition, included in cash and cash equivalents at December 31, 2008 is $4.8 million (2007 - $0.9 million) invested in a money market fund that is managed by a subsidiary of DundeeWealth. Transactions in respect of these investments are conducted on the same basis as those of other mutual fund investors. No trailer service fees are paid in respect of these investments.

√ A subsidiary of DundeeWealth acts as manager for Dynamic FundsTM (the "Funds"). As manager, the subsidiary is responsible for all management services and all costs associated with the distribution of securities of the Funds. A significant portion of management fees earned in 2008 and 2007 were from the Funds. At December 31, 2008, the subsidiary had $31.4 million (2007 - $148.5 million) receivable from the Funds.

- √ In the normal course of business, DundeeWealth's investment management division may trade securities through its brokerage subsidiary on behalf of mutual fund clients and other discretionary client portfolios. These transactions are conducted at a discounted schedule from industry practice.

- √ DundeeWealth's brokerage subsidiary may, from time to time, participate in corporate finance related activities, including financial advisory activities for the Company, DundeeWealth, Eurogas and our equity accounted investees or fiduciary accounts managed by DundeeWealth's investment management segment.
- √ Directors, officers and employees of the Company and its subsidiaries and other related parties may choose to use the brokerage facilities of Dundee Securities. Transactions are conducted on normal market terms.
- √ In accordance with employment arrangements made with a Dundee Realty executive, Dundee Realty agreed to transfer 4% of its interest, net of debt, in The Distillery Historic District to the executive at its cost of approximately $0.4 million and permit the executive to participate in a $6.6 million loan made to the other co-owners of the project to a maximum of 10%.
- √ Dundee Realty provided a $0.5 million loan to a member of senior management. This loan accrues interest at 3% per annum and is secured by a deed of trust on a residential property.
- √ In previous years, Dundee Realty issued a promissory note to the non-controlling shareholder in the amount of $8.9 million. The note was subject to interest at prime plus 1% per annum and was due on demand. The note was fully repaid during 2008.
- √ Effective August 24, 2007, and subsequent to the disposition by Dundee REIT of certain properties to GE, Dundee Realty entered into an asset management agreement with Dundee REIT pursuant to which Dundee Realty provides certain asset management services to Dundee REIT and its subsidiaries. The asset management agreement provides for a broad range of asset management services, the remuneration for which includes a base annual management fee, an incentive fee based on exceeding certain benchmarks relating to funds from operations, and certain other fees as defined in the agreement. During 2008, Dundee Realty received fees of $6.2 million (2007 - $2.1 million) in respect of these arrangements.

ACCOUNTING POLICIES AND ESTIMATES

This discussion and analysis of our consolidated financial condition and the results of our operations are based upon the consolidated financial statements of the Company. These statements have been prepared in accordance with Canadian GAAP. The preparation of these consolidated financial statements requires us to make assumptions, estimates and judgments that affect the reported amounts of assets, liabilities, revenues and expenses, and the related disclosure of contingent assets and liabilities. We evaluate our estimates on an ongoing basis. We base our estimates on historical experience and on various other assumptions that we believe are reasonable under the circumstances, and we use these to form the basis for making judgments about the carrying value of assets and liabilities and the reported amounts of revenues and expenses that are not readily apparent from other sources. Our actual results may differ from these estimates under different assumptions or conditions.

Our most critical accounting policies are those that we believe are the most important in portraying our financial condition and results of operations and those that require the most subjectivity and estimates by management. A summary of our significant accounting policies applied during 2008 are included in notes 1 and 2 to the 2008 Audited Consolidated Financial Statements. A discussion of some of the more significant judgments and estimates made by management is as follows:

Fair Value of Financial Instruments
All of our financial instruments are recorded on the consolidated balance sheet at values that are representative of or approximate fair value, except our preference shares, Series 1 and preference shares issued by DundeeWealth. Fair value is generally determined based on market value or, where market prices are not readily available, on quoted market prices for similar instruments or other third party evidence. However, even where a fair value of a financial instrument is derived from an independent broker or dealer price quotes, a valuation adjustment for certain assumptions may be required to determine the fair value. Management uses judgment in its assessment of fair value and imprecision in determining any of the factors may affect the amount of unrealized gain or loss on comprehensive income or the loss recorded for a particular instrument in a particular period. In addition, quoted market values at any point in time may not represent what we would realize at the time that a financial instrument is ultimately disposed of. We believe our estimates of fair value are reasonable and appropriate in the existing environment. We also review our valuation methodologies and assumptions on an ongoing basis to ensure they continue to be appropriate.

Fair value of non-bank sponsored ABCP is estimated based on a review of the asset classes, a review of the information concerning the particular conduits that we own and a series of proxies and industry information. Fair value of the underlying assets is affected by a wide variety of factors including, but not limited to, changes in corporate credit spreads, changes in credit correlation, the current and expected default and delinquency experience for assets underlying the affected ABCP, the weighted average life of the assets, the vintage of asset origination and the global pricing of structured finance assets. Some observable market indices that we utilized in this valuation approach included: tracking the changes in spreads for the investment grade North American Credit Index and its European counterpart, obtaining pricing of CDOs for asset-backed securities and market prices for reference portfolios of various asset classes such as commercial mortgages, lines of credit, equipment leases, auto leases and trade receivables. However, this valuation technique also requires management to make various assumptions that may not be supported by observable market prices or rates. The valuation approach is performed by asset class, breaking down the assets into leveraged and unleveraged categories.

Fair value for CLOs and other structured products, for which market quotations are not readily available, is provided by the third party underwriter of the financial instrument in the form of an indicative bid value or, where available, the most recent trading price of such individual security. The third party underwriter uses a valuation model that incorporates prevailing primary and secondary market conditions and deal specific parameters. These deal specific parameters include interest rate yield curves, foreign exchange rates and default estimations. This valuation model is based, in part, on assumptions that may not be supported by observable market prices or rates. Indicative bid values provided are independently assessed by qualified professionals to ensure that they are reasonable.

Fair value of mutual fund holdings is based on the published net asset value of the respective fund.

AFS securities are written down to fair value through net earnings when there is objective evidence that the financial instrument is impaired and the decline in fair value is other-than-temporary. The determination of whether or not other-than-temporary impairment exists is a matter of judgment. We review these securities regularly for possible impairment that is other-than- temporary and this review typically includes an analysis of the facts and circumstances of each investment and the expectations for that investment's performance. Specifically, impairment of the value of an investment may be indicated by conditions, such as significant financial difficulty of the investment or its underlying collateral, a breach in the terms and conditions of the security such as a default on interest or principal payments, the granting of a concession to the issuer that would not otherwise be considered and the disappearance of an active market for the underlying security where one formerly existed. During 2008, we recorded an other-than-temporary impairment in our AFS securities of $271.1 million (2007 – $37.6 million), including impairment relating to our portfolio of ABCP, CLOs and other investments. While we believe that we have accurately estimated the amount of other-than-temporary impairment in the value of our investments, different assumptions could result in changes to the recorded amounts in our consolidated financial statements.

Fair Value of Equity Accounted Investments

Although not classified as AFS securities, our portfolio of equity accounted investments requires that we review for impairment the carrying value of our investments against their fair value. The determination of whether or not other-than-temporary impairment exists is a matter of judgment and management applies many of the same criteria that it applies to the determination of other-than-temporary impairment in the value of its AFS securities. During 2008, we recorded an other-than-temporary impairment in the value of our equity accounted investments of $114.2 million. As with AFS securities, we believe that we have accurately estimated the amount of other-than-temporary impairment to the value of these investments. However, different assumptions could result in changes to the recorded amounts in our consolidated financial statements.

Deferred Sales Commissions
Commissions paid to financial advisors in connection with sales of mutual fund units sold on a deferred sales charge basis are capitalized as deferred sales commissions. The asset is amortized over a period of five years, which represents the period during which commissions are generally recovered from management fee revenues. We test the carrying value of deferred sales commissions for impairment at least annually. The carrying value is written down to the extent that it exceeds the expected future revenue on an undiscounted basis. As at December 31, 2008 and 2007, there were no indications of impairment in the deferred sales commissions. However, changes in the underlying values of the assets sold on a deferred sales charge basis, or a change in the estimated period over which we earn management fee revenues in respect of these assets, may impact the recoverability of deferred sales commissions.

Real Estate Assets
Land under development and inventory of housing and condominiums are stated at the lower of cost and net realizable value. In calculating net realizable value, management must estimate future cash flows and discount these estimated cash flows at a rate that includes a risk factor appropriate for each particular project. These estimates are based on various assumptions, including development or construction schedules and future costs to be incurred. If estimates are significantly different from actual results, our land under development and inventory of housing and condominiums may be overstated or understated on our consolidated balance sheets and accordingly, earnings in a particular period may be overstated or understated.

Land held for development is stated at the lower of cost and net recoverable amount. The net recoverable amount is determined using estimated future net cash flows from use, if any, plus any residual value. Estimates of residual values may be impacted by local and overall real estate market conditions. Therefore, estimates may vary from actual residual values on disposition of land held for development.

Real estate assets are tested for recoverability whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. Recoverability is measured by comparing the carrying value of the real estate asset to future undiscounted cash flows expected to be generated from property operations and projected disposition. The cash flow projections take into account the estimated cash flows for the life of each project, specific business plans and management's best estimate of the most probable set of economic conditions anticipated to prevail in the market area. If the analysis indicates that the carrying value is not recoverable from future cash flows, the property is written down to the estimated fair value and an impairment loss is recognized immediately in net earnings. Management uses judgment in performing this recoverability test. Imprecision in any assumptions and estimates used could affect the valuation of real estate assets and the determination of impairment.

Oil and Gas Properties
Eurogas is currently in the exploratory stage of a drilling program in Tunisia and capitalizes all associated costs. The recovery of the recorded costs is contingent upon the existence of economically recoverable reserves and future profitable production. Activities in Spain are in the pre-development phase. All pre-development costs relating to the exploration permits in Spain are capitalized. The recovery of these costs is dependent upon the economic viability of the underground natural gas storage project.

Goodwill and Other Intangible Asset Impairment
Goodwill is not amortized but is assessed for impairment annually and more frequently if events or changes in circumstances indicate that there may be an impairment. Goodwill is assessed for impairment by determining whether the fair value of the reporting unit with which the goodwill is associated is less than its carrying value. When the fair value of the reporting unit is less than its carrying value, the fair value of the goodwill in that reporting unit is compared to its carrying value. If the fair value of the goodwill is less than its carrying value, goodwill is considered impaired and a charge for impairment is recognized immediately.

The fair values used in the goodwill impairment assessment are generally based on an income approach where estimated future cash flows are discounted to arrive at a single present value amount. Management uses judgment in estimating the fair value and any imprecision in any assumptions and estimates used in the fair value calculations could affect the valuation of goodwill and influence the determination of goodwill impairment. We also utilize a market approach in the goodwill impairment assessments to provide a secondary fair value by comparing this single point estimate with comparable company and transaction multiples. In assessing market data, judgment is required in determining whether recent transactions are comparable to the Company in nature, scope and size.

Our goodwill impairment assessments in fiscal 2008 and 2007 indicated that there was no impairment. Given the current economic environment, we repeated these assessments at year end and reconfirmed that goodwill was not impaired. The most sensitive assumptions in our impairment assessments were the estimate of cash flows and the determination of the weighted average cost of capital, which is used as the discount rate to determine present value. A 3% decrease to our estimates of cash flows, or a 3% increase in the discount rate would not change our assessment of impairment of goodwill in DundeeWealth's investment management operations. While our assessment of goodwill in DundeeWealth's brokerage business is able to sustain a 3% decrease in revenue growth, it would not be able to sustain a 1% change in the weighted average cost of capital and a further assessment would have to be completed in order to determine impairment in the carrying value of goodwill. Management of DundeeWealth continues to closely monitor the factors that impact our assessment of the underlying value of goodwill in this reporting segment.

Intangible assets with an indefinite life include investment management contracts. These intangible assets are not amortized but are assessed for impairment annually and more frequently if events or changes in circumstances indicate that there may be an impairment. Impairment is recorded when the carrying value of the indefinite life intangible asset exceeds its fair value. In estimating the fair value of indefinite life intangible assets, we use valuation techniques based on discounted cash flow projections to be derived from these assets. Cash flows require that we estimate growth rates in AUM, both as a result of net sales activity and performance related activity. Any imprecision in assumptions and estimates used in the fair value calculations could impact the results of the indefinite life intangible asset impairment assessment.

Our indefinite life intangible asset impairment assessments in fiscal 2008 and 2007 indicated that there was no impairment. Management believes that the assumptions and estimates used were reasonable and supportable in the existing environment. With respect to the 2008 indefinite life intangible asset impairment assessment, a 3% increase in the discount rate or the impact of revenues from a 3% reduction in our assumed AUM would not have changed the conclusion. Similar to the impairment assessments for goodwill, the most sensitive assumptions in the indefinite life intangible asset impairment assessment includes the estimate of cash flows and the determination of the weighted average cost of capital, which is used as the discount rate to determine present value.

Intangible assets that derive their value from contractual customer relationships or intangible assets that can be separated and sold, have been determined to have finite useful lives. Determining the estimated useful life of each of these assets requires an analysis of the circumstances and is subject to management's judgment. These intangible assets are subsequently amortized over their estimated useful lives. In estimating fair value for finite life intangible assets, the Company uses valuation techniques based on undiscounted cash flow projections. Our finite life intangible assets were not impaired as at December 31, 2008 and 2007.

Stock Based Compensation
The Company and its subsidiaries have a variety of share based compensation awards that are utilized as retention tools for employees and financial advisors. When stock based awards are granted, the Company measures the value of each award and amortizes it over the vesting period. Management makes a variety of assumptions in calculating this value. Firstly, we have not factored in a forfeiture rate for options that may be cancelled before vesting criteria are met. Secondly, management uses the fundamentals of the Black-Scholes option pricing model in determining the value of its stock based compensation expense. Application of the Black-Scholes option pricing model requires estimates, which may not be ultimately correct, in expected dividend yields, expected volatility of the underlying shares based on past volatility experienced, and expected life of the stock option granted. Management has assumed that it will settle stock based compensation obligations through equity. Management reassesses each of these factors with each grant of share based compensation.

Income Taxes
The provision for income taxes is determined on the basis of the anticipated tax treatment of transactions recorded in net earnings. The determination of the provision for income taxes requires interpretation of tax legislation from a number of jurisdictions. If our interpretation of tax legislation differs from that of the tax authorities, the provisions for income taxes could increase or decrease in future periods.

Future income taxes are recorded to account for the effects of future taxes on transactions occurring in the current period. Accounting for future income taxes requires management's judgment in the following key areas:

- Future income taxes are assessed for recoverability. We record a valuation allowance when we believe, based on all available evidence, that it is more likely than not that all of the future tax assets will not be realized. In this assessment, we review various factors including estimated future earnings based on internal forecasts, cumulative tax losses in recent years, the history of tax loss carry forwards as well as prudent and feasible tax planning strategies. The amount of future income tax assets could be reduced in the future by a charge to earnings if forecasted earnings during the tax loss carry forward periods are not achieved or are not likely to be achieved.

- Future tax assets are calculated based on tax rates expected to be in effect in the period in which they will be realized. Previously recorded tax assets and liabilities may change as a result of proposed or enacted governmental changes in the statutory rates of taxation.

Provision for Litigation
The Company and its subsidiaries are involved in various legal actions in the ordinary course of business. In our opinion, and based on current information, the ultimate disposition of these actions, in the aggregate, will not have a material adverse effect on the financial condition of the Company.

Litigation loss accruals are established when it becomes probable that we will incur an expense and the amount can be reasonably estimated. The Company's management and internal and external experts are involved in assessing the probability and in estimating any amounts involved. Changes in these assessments may lead to changes in recorded loss accruals. Each claim is reviewed on a case by case basis, taking into consideration all information available to the Company. The claims are reviewed at least quarterly or as new information becomes available. The actual costs of resolving these claims may be substantially higher or lower than the amounts accrued. In certain cases, legal claims may be covered under the Company's various insurance policies.

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

Management uses a significant amount of judgment in assessing whether an entity is a VIE and whether we are the primary beneficiary of a VIE. We use a variety of complex estimation processes involving both qualitative and quantitative factors to determine whether an entity is a VIE, and, if required, to analyze and calculate the expected losses and the expected residual returns.

Business Combinations
Management uses its best judgment in applying the purchase method of accounting for business combinations and, specifically, in identifying and valuing intangible assets and liabilities acquired on acquisitions. In certain cases, intangible assets are valued using a discounted cash flow model which is subject to a variety of assumptions. Further, the period of benefit of intangible assets is based on a number of subjective factors, such as the length of client and other business relationships, which could prove to be incorrect as the future unfolds. The value placed on the acquired assets and liabilities, including identifiable intangible assets, will have an effect on the amount of goodwill that the Company records on acquisitions.

Allowance for Credit Losses
In the brokerage segment and in accordance with brokerage industry practice, client transactions are entered into on either a cash or margin basis. When credit is extended to a client to purchase securities, the securities are held as collateral for the amounts loaned. Clients purchasing securities on margin must maintain collateral in their accounts in accordance with regulatory or Company guidelines. The Company has established an allowance for credit losses based on management's estimate of probable unrecoverable amounts. This provision for credit losses is determined by comparing the amount loaned to each client with the market value of securities held in such accounts. Judgment is required as to the timing of establishing an allowance for credit losses and the amount of the required specific allowance. The market value of the securities held as collateral may fluctuate daily based on market forces, which could lead either to an unexpected increase in the provision or to additional credit losses.

FUTURE ACCOUNTING CHANGES

Asset Recognition including Goodwill and Intangible Assets
Amendments to CICA handbook section 1000, "*Financial Statement Concepts*" and new CICA handbook section 3064, "*Goodwill and Intangible Assets*", which replaces CICA handbook section 3062, "*Goodwill and Other Intangible Assets*", have been issued and apply to interim and annual financial statements relating to fiscal years beginning on or after October 1, 2008. This guidance reinforces the principle-based approach to the recognition of assets only in accordance with the definition of an asset and the criteria for asset recognition. Under the amendments to CICA handbook section 1000, effective January 1, 2009, the deferral and matching of operating expenses over future revenues is no longer appropriate. The Company is currently assessing the impact of this new accounting guidance.

Business Combinations
In January 2009, the CICA issued CICA handbook section 1582, "*Business Combinations*", section 1601, "*Consolidations*", and section 1602, "*Non-controlling Interests*". These sections replace the former CICA handbook section 1581, "*Business Combinations*" and section 1600, "*Consolidated Financial Statements*" and establish a new section for accounting for a non-controlling interest in a subsidiary.

CICA handbook section 1582 establishes standards for the accounting for a business combination. It provides the Canadian equivalent to International Financial Reporting Standard ("IFRS") 3, "*Business Combinations*" (January 2008). The section applies prospectively to business combinations for which the acquisition date is on or after the beginning of the first annual reporting period beginning on or after January 1, 2011. CICA handbook section 1601 establishes standards for the preparation of consolidated financial statements. CICA handbook section 1602 establishes standards for accounting for a non-controlling interest in a subsidiary in consolidated financial statements subsequent to a business combination. It is equivalent to the corresponding provisions of IFRS IAS 27, "*Consolidated and Separate Financial Statements*" (January 2008).

CICA handbook section 1601 and section 1602 apply to interim and annual consolidated financial statements relating to fiscal years beginning on or after January 1, 2011. Earlier adoption of these sections is permitted as of the beginning of a fiscal year. All three sections must be adopted concurrently. The Company is currently evaluating the impact of the adoption of these sections.

International Financial Reporting Standards
In February 2008, the CICA Accounting Standards Board ("AcSB") confirmed that Canadian GAAP for publicly accountable enterprises will be converged with IFRS effective in calendar year 2011, with early adoption being allowed starting in calendar year 2009. IFRS uses a conceptual framework similar to Canadian GAAP, but there may be significant differences on recognition, measurement and disclosure that may materially impact the Company's consolidated financial statements. The Company does not intend to early adopt these standards.

The implementation of IFRS will apply to the Company's interim and annual financial statements beginning on or after January 1, 2011, including the restatement of comparative amounts for 2010. As a result, the Company has established an IFRS implementation committee with a mandate to oversee the conversion process, including any impact that the conversion may have on business practices, systems and internal controls over financial reporting. The IFRS implementation committee consists of senior management from accounting and finance, internal audit, information technology, and business operations.

In order to prepare for the conversion to IFRS, the IFRS implementation committee developed an IFRS conversion plan. The conversion plan addresses first time adoption and transition activities, including, but not limited to:

- ✓ Overall characteristics of IFRS financial statements that differ from Canadian GAAP;
- ✓ Training and education requirements;
- ✓ Resource requirements;
- ✓ An assessment of information technology and data systems impacts;
- ✓ An assessment of IFRS impacts on business groups and functions;
- ✓ An assessment of impacts on internal controls over financial reporting and disclosure controls and procedures; and
- ✓ The development of a communication plan for both internal and external stakeholders.

The IFRS implementation committee provides periodic updates of the status and effectiveness of the IFRS conversion plan to the Company's senior executives, and the Audit Committee.

During the year, the implementation committee completed the following aspects of the conversion plan:

- ✓ Initiated an analysis of the key differences between IFRS and the Company's current accounting policies, as well as an assessment of the impact of various accounting alternatives offered pursuant to IFRS;
- ✓ Implemented an education program for key employees responsible for financial reporting; and
- ✓ Engaged consultants to assist with our analysis and the implementation of the IFRS conversion plan.

In addition, key elements of the IFRS conversion plan that are currently in progress include, but are not limited to:

- ✓ A detailed assessment of key differences between IFRS and the Company's current accounting policies and the related impact on business activities;
- ✓ A detailed assessment of the application of IFRS 1 "*First-time Adoption of International Financial Reporting Standards*", which provides guidance for an entity's initial adoption of IFRS, and provides for limited optional exemptions in specified areas of certain IFRS standards;
- ✓ The development of solutions to address identified issues and documentation of recommended accounting policies;
- ✓ The development of an ongoing education program for key employees responsible for financial reporting; and
- ✓ The review and preparation of IFRS disclosure requirements.

The process of evaluating the potential impact of IFRS to the consolidated financial statements is an ongoing process as the International Accounting Standards Board and the AcSB continue to issue new standards and recommendations.

As the Company continues to assess the impact of IFRS adoption on its business activities, processes and accounting policies, it will implement a communication strategy, as appropriate, aimed at all stakeholders, including employees, rating agencies, and shareholders, to assist in their understanding of its transition to IFRS. Additionally, the IFRS implementation committee will continue to revisit the conversion plan and accordingly, changes to the plan may be required, as more information on the Company's adoption of IFRS becomes known.

CHANGES IN ACCOUNTING POLICIES

Financial Instruments and Capital Disclosures

On January 1, 2008, the Company adopted the provisions of CICA handbook sections 1535, "*Capital Disclosures*", 3862, "*Financial Instruments - Disclosures*" and 3863, "*Financial Instruments - Presentation*". These new sections enhance requirements to provide both qualitative and quantitative disclosures on the nature and extent of risks arising from financial instruments and how the entity manages those risks. Furthermore, such disclosures enable users of financial statements to evaluate the entity's objectives, policies and processes for managing capital.

Inventories

Effective January 1, 2008, the Company adopted the provisions of CICA handbook section 3031, "*Inventories*". The standard provides guidance on the determination of costs and their subsequent recognition as expenses, including any write-downs to net realizable values. It also provides guidance on cost formulas that are used to assign costs to inventories. Any adjustments to the Company's financial statements, as a result of adopting section 3031 on January 1, 2008, were recognized by an adjustment to opening retained earnings.

Reclassification of Financial Assets

In October 2008, the AcSB issued amendments to CICA handbook sections 3855 "*Financial Instruments – Recognition and Measurement*", 3861 "*Financial Instruments – Disclosure and Presentation*" and 3862 "*Financial Instruments – Disclosures*". These amendments, which were made with the intention of providing consistency between Canadian GAAP and IFRS, provide Canadian companies with the ability to reclassify financial assets out of the held-for-trading and AFS categories in certain circumstances. The Company has considered the impact of these amendments, specifically in respect of its investments in ABCP and CLOs. The amendments do not permit a reclassification of ABCP and CLOs as these products do not meet the definition of a loan or receivable pursuant to section 3855. There are no other significant impacts resulting from these amendments.

CONTROLS AND PROCEDURES

Disclosure Controls and Procedures

As at December 31, 2008, management evaluated, under the supervision of and with the participation of the Chief Executive Officer and Chief Financial Officer, the effectiveness of our disclosure controls and procedures as defined in National Instrument 52-109. Based on that evaluation, the Chief Executive Officer and Chief Financial Officer concluded that our disclosure controls and procedures were effective as at December 31, 2008.

Management's Report on Internal Control Over Financial Reporting

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with GAAP. The Company's management has used the Committee of Sponsoring Organizations of the Treadway Commission (COSO) framework to evaluate the effectiveness of the Company's internal control over financial reporting.

As at December 31, 2008, management assessed the effectiveness of the Company's internal control over financial reporting and, based on that assessment, concluded that such internal control over financial reporting was effective and that there were no material weaknesses in the Company's internal control over financial reporting that have been identified by management.

MANAGING RISK

The following risk factors relating to Dundee Corporation are most likely to influence an investor's decision to buy, sell or hold securities of the Company.

Risk of Sustained Economic Downturn
During 2008, global capital markets continued to deteriorate, leading to the current global economic downturn. A sustained global economic downturn characterized by higher unemployment, lower commodity prices, lower family incomes and corporate earnings, lower consumer spending and business investments could have a myriad of effects on the Company's business, including reduced demand for DundeeWealth's investment products, an increased likelihood of higher redemption rates, decreased demand for real estate properties and decreases in resource prices. Moreover, these economic conditions, if realized, will impact the risk profile of many of the other financial and market risks described below and in note 22 to the 2008 Audited Consolidated Financial Statements.

Furthermore, a prolonged economic downturn may give rise to a higher level of strategic risks including those associated with industry restructuring, new competitive dynamics and significant changes in the legal, regulatory and tax regimes in which the Company's businesses operate.

WEALTH MANAGEMENT

Market Influences and Current Financial Conditions
Negativity in domestic and international capital markets may create specific challenges for the Company's wealth management subsidiary. Since the third quarter of 2008, global financial markets have been subject to unprecedented volatility. The movement of capital markets is beyond the control of DundeeWealth but, to a significant degree, may impact our overall profitability. Revenues from DundeeWealth's investment management activities are based on the market values of AUM, generally determined using trading values of underlying securities in global markets. The state of the capital markets in general and the unpredictability of the global economy may also affect retail and institutional clients' willingness to actively trade in capital markets, impacting commission revenues as well as trading and corporate finance activities in DundeeWealth's brokerage segment. Declining interest rates may reduce the interest spread earned on amounts loaned to clients in margin accounts. Any decline in the financial markets or lack of sustained growth in such markets may result in a corresponding decline in performance and may adversely affect DundeeWealth's AUM, fees and/or revenues and cash flows.

Creating, Attracting and Retaining AUM and AUA
The profitability of DundeeWealth is directly related to its ability to create, attract and retain AUM and AUA. These assets are subject to a fee, generally calculated as a percentage of their net asset value. The level of AUM is influenced by three factors: (i) sales, (ii) redemption rates, and (iii) investment performance. Sales and redemptions may fluctuate depending on market and economic conditions, investment performance and other factors. Recent market volatility has contributed to significant redemptions and diminished sales for many participants in the Canadian wealth management industry. The fees earned by the Company vary with the types of assets being managed, with higher fees earned on actively managed equity and balanced accounts and lower fees earned on fixed income accounts. In addition, fees may be impacted by the nature of the underlying client, with institutional money management earning lower fees than would be earned from retail clients. Accordingly, the Company's revenues may decline if clients shift their investments into products that earn lower fees, or if the ratio of institutional AUM increases relative to retail AUM. If the funds and other assets managed by DundeeWealth's subsidiaries are unable to achieve investment returns that are competitive with or superior to those achieved by other comparable investment products offered by competitors, and/or should a significant number of clients seek to terminate their agreements and withdraw their assets or should the market value of assets decline, there would be a material adverse effect on DundeeWealth's management fee revenue, certain capital costs including deferred sales commissions and certain intangible assets and profitability.

Performance Based Fee Arrangements May Increase Volatility of Revenues
A portion of DundeeWealth's investment management advisory and fee revenues may potentially be derived from performance fees. If the investment return of the fund or portfolio does not meet or exceed the investment return benchmark for a particular period, no performance fees will be generated, and, if the performance fee is based on cumulative returns, DundeeWealth's ability to earn performance fees in the future may be impaired. In particular, as compared to fiscal 2007, when our subsidiary recorded $81.5 million in performance fee revenues, no performance fee revenues were earned in the year ending December 31, 2008.

Market Risk in Trading Activities and Investments
Market risk is the potential for loss from an adverse movement in the value of a financial instrument. DundeeWealth incurs market risks in its trading positions, underwriting activities and in its portfolio of investment securities. DundeeWealth's investment dealer subsidiary engages in various capital market activities that are very sensitive to price fluctuations. These include active positioning in trading securities in anticipation of price movements and commitments to underwrite the issuance of securities. DundeeWealth's portfolio of corporate investments, including CLOs, is also exposed to market risk from fluctuations in fair values. In addition, although the ABCP investments held by DundeeWealth have been replaced with long term notes, the maturity date of such notes extends into 2056. There is no assurance that the pricing of the value of these assets will not continue to decline in future periods or that the restructuring of the ABCP into replacement notes will result in the development of a liquid market. These values may change materially in subsequent periods.

DundeeWealth manages market risk as part of our risk management framework, which comprises various controls and procedures to ensure that the risk exposures are monitored closely and that positions taken are duly authorized. These procedures and controls include:

√ Procedures for the daily mark-to-market valuation of positions to measure risk exposure, including procedures to assess market prices of positions which are not actively traded;

√ Setting of trading exposure limits and loss limits in compliance with our approved trading strategies, taking into account our trading experience, market volatility, the liquidity of the position, interest rates, and our tolerance for market risk; and

√ Procedures to identify significant market risk concentration and risk exposure, and to escalate the reporting of these risk positions to senior management and risk personnel for monitoring.

There can be no assurance that these controls and procedures will be effective or sufficient to manage or mitigate these market risks.

Competition
DundeeWealth operates in a highly competitive environment that includes other providers of wealth management products and services such as mutual fund companies, private client investment managers, financial advisors, investment dealers, banks and insurance companies, some of which have greater financial or other resources than DundeeWealth. Competition is based on a wide range of factors, including brand recognition, investment performance, the types of products offered by the competitor, business reputation, financial strength, continuity of institutional, management and sales relationships, and quality of service. In order to remain competitive, DundeeWealth will continue to be innovative in the development of financial products and solutions for clients, to monitor its investment performance and to provide the highest level of service to clients.

In addition, there may be competitive pressures from time to time to lower the fees that are charged on DundeeWealth's products and services which may impact the ability to retain clients in the future. While DundeeWealth believes that its current fee structure is competitive with industry peers, changes to management fee rates, commission rates and trailer service fee revenue rates will affect the operating results of DundeeWealth. There can be no assurance that DundeeWealth will maintain its current standing in the market or its current market share, and the business, financial condition or operating results of DundeeWealth may be adversely affected should circumstances change.

Regulatory and Litigation Risk
The regulatory operating environment for wealth management and financial services operations in Canada continues to expand, becoming more extensive and complex. DundeeWealth supports regulatory changes that enhance the integrity and reputation of our industry and that protect the interests of its client base. Compliance personnel actively participate in the development of new legislation and regulations. New regulatory requirements, however, may involve changes to the way DundeeWealth currently conducts business or may increase the cost and associated profitability of our business. Laws and regulations applied at the national and provincial levels generally grant governmental agencies and self regulatory bodies broad administrative discretion over the activities of the Company's subsidiaries, including the power to limit or restrict such business activities. Possible sanctions include the revocation or imposition of conditions on licenses or registrations to operate certain businesses, the suspension or expulsion from a particular market of any of the Company's business segments or their key personnel or financial advisors, and the imposition of fines. There is also the potential that the laws or regulations governing the Company's operations or particular investment products or services could be amended or interpreted in a manner that is adverse to the Company. We believe that our ability to comply with all applicable laws and regulations including emerging changes is dependent upon the establishment, implementation and maintenance of extensive compliance policies and procedures. DundeeWealth has a team of experienced compliance personnel that works full time on these efforts. When an acquisition is completed, it is possible that the acquired company's compliance standards may have been insufficient or not as developed as those of DundeeWealth. We attempt to identify material compliance issues through the due diligence review; however, it is possible that such a review will not identify all existing issues.

Commitment of Key Personnel and Financial Advisors
DundeeWealth's strategic focus is dependent on the abilities, experience and efforts of the members of its executive team. Accordingly, the recruitment and retention of competent personnel and continuous training and transfer of knowledge are key activities that are essential to DundeeWealth's performance.

In addition, the growth in total AUM in the industry and the reliance on investment performance to sell financial products has increased the demand for experienced and high-performing portfolio managers. Compensation packages for these managers may increase at a rate well in excess of inflation and well above the rates of increase observed in other industries. The loss of these individuals or an inability to attract, retain and motivate a sufficient number of qualified personnel could affect DundeeWealth's business.

As well, the market for financial advisors is extremely competitive and is increasingly characterized by movement of financial advisors among different firms. Individual independent financial advisors have regular direct contact with clients, which can lead to a strong and personal client relationship based on the client's trust in the individual financial advisor. The loss of a significant number of financial advisors could lead to the loss of client accounts which could have a material adverse effect on the results of operations and prospects of DundeeWealth. Although DundeeWealth uses a combination of competitive compensation structures, including equity incentive arrangements with vesting provisions, as a means of seeking to retain financial advisors, there can be no assurance that financial advisors will remain with the Company.

Capital Requirements
Subsidiaries of DundeeWealth operate in regulated environments and are subject to minimum regulatory capital requirements. Accordingly, DundeeWealth may be required to keep sufficient cash and other liquid assets on hand to maintain capital requirements. Although each regulated entity currently has sufficient capital, growth of the business may necessitate additional capital requirements and the failure to maintain required regulatory capital may subject the relevant registrant to fines, suspension or revocation of registration or could prohibit the Company from expanding. In certain instances, regulatory capital requirements may increase due to a change in the market value of securities held, some of which are beyond our control. DundeeWealth monitors the level of regulatory capital required in each of its business units on an ongoing basis to ensure it meets the minimum requirements.

DundeeWealth currently finances commissions associated with mutual funds sold on a deferred sales charge basis through internal means. When asset growth in mutual funds increases significantly, the funding required for these new mutual fund assets also increases. In periods where the value of mutual fund units sold on a deferred sales charge basis is high, sources of funding other than cash flow from operations may be required in order to pay dealer commissions and it is not certain that such additional funding, if needed, will be available on terms attractive to the Company, or at all.

Operational Risk
Operational risk is generally regarded as the risk of loss resulting from insufficient or failed internal processes, people and systems, or external events. Operational risk is inherent in the activities of financial institutions, and includes incorrect or unauthorized trade execution, failed settlement and transaction processing, documentational errors, fiduciary breaches, improper disclosures involving securities and investment management activities, theft and fraud. The impact of any of these can result in significant financial loss, reputational harm, and regulatory censure and penalties. While operational risks cannot be eliminated, they can be managed with proper internal control processes and procedures and the deployment of qualified personnel. DundeeWealth has established a framework for operational risk management, which includes procedures and control measures, the deployment of qualified and competent compliance and audit personnel, a process for regular review of controls by senior management and the use of external insurance coverage where appropriate.

Business Infrastructure
DundeeWealth relies on third party service providers for key components of its business infrastructure including the brokerage accounting system in its investment dealer and mutual fund dealer operations, the unit holder and fund accounting systems in its investment management business, as well as critical data connections for trade execution and business communications. A failure of any key component of its infrastructure could result in significant disruptions to the business and would likely have a materially adverse effect on results of operations. While DundeeWealth has addressed this risk by instituting various procedures and plans for business continuity and redundancy, there can be no assurance that material disruptions can be averted in the event of a failure of a key component.

Credit Risks in Securities Transactions
DundeeWealth is exposed to the risk that third parties that owe the Company cash, securities or other assets may not fulfill their obligations, due to lack of liquidity, bankruptcy, operational failure or other causes. These parties include trading counterparties, customers, clearing agents, exchanges, clearing houses, other financial intermediaries, and issuers whose securities are held by DundeeWealth. Credit risks associated with customers include amounts loaned in margin accounts. While credit exposure to specific clients, counterparties and other debtors is monitored, default risk may arise from events or circumstances that are otherwise difficult to detect. The type and value of securities held as collateral for margin loans is also reviewed. An unexpected decline in the value of any such securities held as collateral may expose DundeeWealth to additional credit losses.

Risks of Underwriting Activities
The underwriting business operated by DundeeWealth's brokerage subsidiary involves both economic and regulatory risks. Underwriting activities may decline for a number of reasons, impacting DundeeWealth's revenues. An underwriter may incur losses if it is unable to resell the securities it is committed to purchase or if it is forced to liquidate its commitment at less than the agreed purchase price. The brokerage subsidiary may also be subject to liability for material misstatements or omissions in prospectuses and other communications with respect to underwritten offerings and may be exposed to claims and litigation arising from such offerings.

REAL ESTATE

Real Estate Ownership
Real estate ownership is generally subject to numerous risks, including changes in general economic conditions, such as the availability and cost of mortgage funds, local economic conditions (such as an oversupply of office, industrial and retail properties or a reduction in demand for real estate in the area), the attractiveness of properties to potential tenants or purchasers, the ability of tenants to meet their lease obligations, competition for available space, and other factors.

Illiquidity of Real Estate Investments
An investment in real estate is relatively illiquid. Such illiquidity will tend to limit our ability to vary our portfolio promptly in response to changing economic or investment conditions. In recessionary times it may be difficult to dispose of certain types of real estate. The costs of holding real estate are considerable and during an economic recession we may be faced with ongoing expenditures with a declining prospect of incoming receipts. If we are unable to refinance our mortgages on acceptable terms, or at all, we may need to dispose of one or more of our real estate assets. In such circumstances, it may be necessary for us to dispose of properties at lower prices in order to generate sufficient cash for operations. Additionally, financial or operating difficulties of other owners resulting in distress sales could depress asset values in the markets in which we operate in times of illiquidity. These conditions could reduce our ability to respond to changes in the performance of our investments and accordingly could adversely affect our financial condition and results of operations.

Market Influences

As a result of market conditions, we may not be able to, or may not wish to develop our land holdings. Development of land holdings and properties that are to be constructed are subject to a variety of risks, not all within our control. Such risks include lack of funding, variability in construction costs and unforeseeable delays.

Regulatory and Environmental Risks

As an owner of real estate property, we are subject to various federal, provincial and state laws relating to environmental matters. Such laws provide that we could be liable for the costs of removal and remediation of certain hazardous, toxic substances released on or in the Company's properties or disposed of at other locations, as well as potentially significant penalties. The Company has insurance and other policies and procedures in place to review and monitor environmental exposure, which it believes mitigates these risks to an acceptable level. Some of the properties owned by Dundee Realty or Dundee REIT have or had tenants that use hazardous substances or create waste. Such uses can potentially create environmental liabilities. A few issues have been identified through site assessments, including the need to remediate or otherwise address certain contaminations. These issues are being carefully managed with the involvement of professional consultants. Where circumstances warrant, designated substance surveys and/or environmental assessments are conducted. Although environmental assessments provide us with some assurance, we may become liable for undetected pollution or other environmental hazards on our properties against which we cannot insure, or against which we may elect not to insure where premium costs are disproportionate to our perception of relative risk. We do not currently anticipate material expenditures in respect of any required remediation.

Credit Risk

Real estate investments are often made as joint ventures or partnerships with third parties. These structures involve certain additional risks, including the possibility that the co-venturers/partners may, at any time, have economic or business interests inconsistent with ours, the risk that such co-venturers/partners could experience financial difficulties which could result in additional financial demands on Dundee Realty or Dundee REIT to maintain and operate such properties or repay debt in respect of such properties, and the need to obtain the co-venturers'/partners' consents with respect to certain major decisions in respect of such properties. The Company attempts to mitigate these risks by performing due diligence procedures on potential partners and contractual arrangements, and by closely monitoring and supervising the joint venture or partnership.

Development Risks

In connection with its real estate operations, the Company must comply with extensive regulations affecting the real estate development process. In particular, governmental authorities regulate such matters as zoning and permitted land uses, levels of density, and building standards. The Company must obtain approvals from various governmental authorities and comply with local provincial and federal laws, including laws and regulations concerning the protection of the environment in connection with such development projects. Obtaining such approvals and complying with such laws and regulations may result in delays which cause the Company to incur additional costs which impact the profitability of a development project, or may restrict development activity altogether with respect to a particular project.

As well, the Company's real estate operations are impacted by its ability to hire and retain sufficient skilled and experienced contractors required to develop its real estate projects in a cost effective and timely manner. An inability to hire or retain skilled workers or changes in the relationship with its workforce could result in work stoppages which may have a material adverse effect on the profitability of its real estate development activities.

The Company's real estate development activities are also sensitive to the credit and financial stability of counterparties. The Company's income would be adversely affected if purchasers of real estate properties or land and housing holdings were to become unable or unwilling to meet their obligations to the Company or if the Company were unable to close the sale of a significant number of units in a development project on economically favourable terms. This could have an adverse impact on the Company's liquidity and could reduce its ability to pursue further acquisitions or meet other financial obligations. If there are significant adverse changes in economic or real estate market conditions, the Company may have to sell properties at a loss or hold undeveloped land or developed properties in inventory longer than planned. Inventory carrying costs can be significant and may result in losses in a poorly performing project or market.

Operational Risk
Our revenue properties and Dundee REIT's portfolio of properties generate income through rent payments made by tenants. Upon the expiry of any lease, there can be no assurance that the lease will be renewed or the tenant replaced. Certain significant obligations, including property taxes, maintenance costs, mortgage payments, insurance costs and related charges must be made regardless of whether or not a property is producing sufficient income to pay such expenses. Upon the expiry of the term of the financing of any particular property, refinancing may not be available or may not be available on reasonable terms. Distributions from Dundee REIT are not guaranteed and may fluctuate with its financial performance.

Capital Requirements
Our real estate assets may be financed through debt. Upon the expiry of the term of the financing of any particular property, refinancing may not be available or may be available only on terms less favourable to us than existing financing. Our real estate segment, including Dundee REIT, may require additional financing in order to grow and expand our real estate operations.

Changes in Income Tax Legislation and Implications to Business Structure
On June 12, 2007, amendments to the Income Tax Act were substantively enacted and subsequently received Royal Assent on June 22, 2007. These amendments modify the tax treatment of certain publicly traded trusts and partnerships that are specified investment flow-through trusts ("SIFTs"). Under the SIFT rules, a publicly traded REIT will be considered a SIFT unless it qualifies for a certain exception. As a result of a reorganization completed by Dundee REIT on December 31, 2007, Dundee REIT believes that it has met the exception required and therefore the SIFT rules should not apply to Dundee REIT after 2007; however, no assurances can be made in this regard. If Dundee REIT does not qualify continuously for the exception, the SIFT rules may have an adverse impact on Dundee REIT and the holders of units of Dundee REIT, on the value of the units of Dundee REIT and the ability of Dundee REIT to undertake financings and acquisitions, and if the SIFT rules were to apply, distributable cash of Dundee REIT may be materially reduced.

The effect of the recently enacted SIFT rules on the market for the Dundee REIT units is uncertain. Since the SIFT rules have only recently been enacted, the Canada Revenue Agency's administrative policies regarding the interpretation of the SIFT rules and their application to the trusts and partnerships in which a publicly traded income fund holds a direct or indirect interest are still under review. As such, there may be a possible interpretation of the legislation under which Dundee REIT's subsidiary partnerships would be viewed as SIFTs. Management of Dundee REIT does not believe this to be the intent of the legislation and believes there to be valid technical arguments supporting the fact the partnerships are not SIFTs.

RESOURCES

The Resources Industry
The resources industry is highly competitive and, in addition, involves a number of risks. Revenues and profits depend on market prices for resource commodities, which can fluctuate materially. Adverse fluctuations can have a significant negative effect on our revenues and profitability. Resource mining and exploration involves a high degree of risk, which even a combination of experience, knowledge and careful evaluation may not be able to overcome. These risks include environmental hazards, industrial accidents, unusual or unexpected formations, pressures, cave-ins and flooding that could result in damage to life or property, environmental damage and possible legal liability. It is also highly capital intensive and the ability to complete a development or exploration project may be dependent on the entity's ability to raise additional capital. Access to public financing has been negatively impacted by current global financial conditions. This may impact our ability and those of our resource based subsidiaries and equity accounted investees to obtain equity or debt financing in the future and, if obtained, on favourable terms. In certain cases, this may be achieved only through joint ventures or other relationships that would reduce the entity's ownership interest in the project. There is no assurance that additional resources or reserves in commercial quantities will be discovered, or that development operations will prove successful.

Competition
The resources industry is competitive in all its phases. The Company competes with numerous other participants in the search for the acquisition of mining and oil and natural gas properties and in the marketing of the resulting products. The Company's ability to increase reserves in the future will depend not only on its ability to develop its present properties, but also on its ability to select and acquire suitable producing properties or prospects for exploratory drilling. Competitive factors in the distribution and marketing of resource products include price and methods of reliability of delivery.

Competition in the resources industry includes companies which have greater financial resources, staff and facilities than those of the Company's investees. Our investees may not be fully insured against all risks relating to their operations, including those related to expansion. Some of those risks may not be insurable.

Insurance

Resource operations are subject to all the risks and hazards typically associated with such operations, including hazards such as fire, explosion, blowouts, cratering and oil spills, each of which could result in substantial damage to production facilities or other property and the environment, or in personal injury. As is the case with other participants in the resources industry, the Company is not fully insured against all of these risks, nor are all such risks insurable. Although the Company will maintain liability insurance in an amount which it considers adequate and consistent with industry practice, the nature of these risks is such that liabilities could exceed policy limits, in which event the Company could incur significant costs that could have a material adverse effect upon its financial condition.

Political and Regulatory

Many of our resource investees operate in jurisdictions which cause their operations to be subject to business risks inherent in those jurisdictions, in addition to business risks generally inherent to the resources industry. These may involve matters arising out of government policies, receipt and maintenance of necessary permits and title to properties, imposition of special taxes or similar charges by regulatory bodies, foreign exchange rate fluctuations and controls, access to capital markets, civil disturbances, deprivation or unenforceability of contract rights or the taking of property without fair compensation, lack of adequate infrastructure and credit risk. It is important that the entities operating in a jurisdiction maintain good relationships with the governments of such jurisdictions. This may not be possible if the government of a country changes.

Certain regions in which our investee companies operate have been subject to political and economic instability. Operating in foreign jurisdictions may necessitate capital expenditures being denominated in several different currencies, while the Company is reporting in Canadian dollars. Fluctuations in the rates of exchange may affect the ability of investee companies to carry out their exploration and development programs. Future development costs may be higher than currently envisioned due to unforeseen events such as currency fluctuations.

Environmental, Health and Safety Regulations

Environmental, health and safety legislation affects nearly all aspects of the Company's and its resource investees' resource operations including mine development, worker safety, waste disposal, emission controls and protection of endangered and protected species. Compliance with environmental, health and safety legislation can require significant expenditures and failure to comply with environmental, health and safety legislation may result in the imposition of fines and penalties, the temporary or permanent suspension of operations, clean-up costs arising out of contaminated properties, damages and the loss of important permits. Exposure to these liabilities arises not only from existing operations, but from operations that have been closed or sold to third parties. The companies engaged in resource activities may be required to reclaim properties after mining is completed and specific requirements vary among jurisdictions. In some cases, financial assurances as security for reclamation costs may be required which may exceed estimates for such costs. The Company may also be held liable for worker exposure to hazardous substances and for accidents causing injury or death. There can be no assurances that the Company or its resource investees will at all times be in compliance with all environmental, health and safety regulations or that steps to achieve compliance would not materially adversely affect our business.

Environmental, health and safety laws and regulations are evolving in all jurisdictions where the Company operates. The Company is not able to determine the specific impact that future changes in environmental, health and safety laws and regulations may have on our operations and activities, and our resulting financial position; however, we anticipate that capital expenditures and operating expenses will increase in the future as a result of the implementation of new and increasingly stringent environmental, health and safety regulations. For example, emissions standards are expected to become increasingly stringent as are laws relating to the use and production of regulated chemical substances. Further changes in environmental, health and safety laws, new information on existing environmental, health and safety conditions or other events, including legal proceedings based upon such conditions or an inability to obtain necessary permits, could require increased financial reserves or compliance expenditures or otherwise have a material adverse effect on the Company.

Commodity Prices and Estimating Quantities of Reserves

Commodity prices, including oil and natural gas prices, are unstable and subject to fluctuations. Any material decline in prices could result in a reduction in revenues of our investees. The economics of producing from some wells may change as a result of

lower prices. From time to time, resource investees may enter into agreements to fix prices on their production to mitigate these risks, however, this will not permit them to benefit from future increases in commodity prices. The market prices of securities of resource companies have experienced volatility in the past, often based on factors unrelated to the financial performance or prospects of the underlying company, which include general economic conditions and cycles and macroeconomic developments.

There are numerous uncertainties inherent in estimating quantities of reserves and cash flows to be derived therefrom, including factors that are beyond the control of the Company and our investees. These evaluations include a number of assumptions relating to factors such as initial production rates, production decline rates, ultimate recovery of reserves, timing and amount of capital expenditures, marketability of production, future prices of the underlying commodity, operating costs and royalties and other government levies that may be imposed over the producing life of the reserves. Actual production and cash flows derived therefrom will vary from these evaluations and such variations could be material.

Skilled Labour and Availability of Equipment
The resources industry involves risks regarding labour and employment matters. Currently, the mining industry is generally facing a shortage of skilled labour as well as a lack of availability of suitable mining equipment. If resource companies are unable to hire and retain sufficient skilled employees, the ability to operate optimally will be impaired. Also, many of the resource investees are dependent on the services of their senior management and a small number of highly skilled and experienced executives and personnel. The loss of these key personnel could have a material adverse effect on the operations. Adverse changes in the scheme of labour relations which may be introduced by governmental authorities may have a material effect on the business, results of operations and financial condition.

Resource activities are dependent on the availability of drilling and related equipment in the particular areas where such activities will be conducted. Demand for such limited equipment or access restrictions may affect the availability of such equipment to the Company and may delay exploration and development activities. To the extent that the Company is not the operator of its resource properties, the Company will be dependent on such operators for the timing of activities related to such properties and will be largely unable to direct or control the activities of the operators.

GENERAL BUSINESS RISKS

Reputational Risk
Reputational risk is the potential that adverse publicity to our corporate image, whether true or not, will or may cause a decline in our earnings, liquidity, share price or client base. Reputational risk is inherent in virtually all of our business transactions, even when the transaction is fully compliant with legal and regulatory requirements. Reputational risk cannot be managed in isolation, as it often arises as a result of operational, regulatory and other risks inherent to our business. For these reasons, our framework for reputational risk management is integrated into all other areas of risk management and is a key component of the codes of business conduct and ethics of which our employees are expected to observe. We place a high emphasis on safeguarding our reputation, as once compromised, it can be difficult to restore.

Investing in a Variety of Industry Sectors
Our investments are in a variety of industry sectors and therefore, each investment will be subject to specific risks inherent in the unique business environment in which it operates. In the case of equity accounted investments, we are required to record our share of income or loss from these investments and related dilutions and accordingly, our earnings may be affected by these amounts. Further, to the extent that the investment is a public company, the investment is subject to market forces which may fluctuate beyond our control. Certain of our private company holdings are illiquid and disposition may be difficult. We may realize lower proceeds of disposition in the event that we are required to dispose of an investment at a point in time when market prices are low. We mitigate this risk by utilizing our revolving credit facilities so that we can maximize the timing of any dispositions.

Capital Requirements
The Company and/or its subsidiaries may be required to raise additional debt or equity funds through public or private financing, strategic relationships or other arrangements for a variety of purposes, including business acquisitions, to capitalize on unanticipated opportunities, as well as to respond to competitive pressures. Continued disruption in the financial markets may limit the Company's access to capital in the event that the Company is required to seek additional liquidity to operate its business. Additional equity funding in investee companies may reduce the percentage ownership interest of the Company in such investee companies and may cause the Company to lose its majority or significant influence stake. Additional equity funding of the

Company may reduce the percentage ownership of the existing shareholders of the Company and may dilute net book value per share. It is also possible that any such equity funding may involve securities which have rights or privileges senior to those of existing shareholders or that any debt financing, if available, may involve restrictive covenants. There can be no assurance that such additional funding, if needed, will be available on economic terms, or at all. These developments may also impair the Company's ability to renew its current credit facility on favourable terms, resulting in increased costs to the Company.

Compliance with Debt Covenants
The Company's current credit facility contains numerous restrictive covenants that limit the discretion of the Company with respect to certain business matters. These covenants place significant restrictions on, among other things, the ability of the Company and certain of its subsidiaries to create liens or other encumbrances, to make certain other payments, loans and guarantees and to sell or otherwise dispose of assets and merge or consolidate with another entity. In addition, the credit facility contains a number of financial covenants that require the Company and certain of its subsidiaries to meet certain financial ratios and financial condition tests. A failure to comply with the obligations in the Company's credit facility could result in a default which, if not cured or waived, could result in an acceleration of the relevant indebtedness. If the indebtedness under the Company's current credit facility were to be accelerated, the financial condition of the Company would be adversely affected.

Corporate Insurance
Regardless of our effectiveness in monitoring and administering established compliance policies and procedures, the Company, and any of its directors, officers, employees and agents, may be subject to liability or fines which may limit the ability of each to conduct business. We maintain various types of insurance to cover certain potential risks and continuously evaluate the adequacy of this coverage. In recent years, the cost of obtaining insurance has increased while the number of insurance providers has decreased. As a result of the introduction of the secondary market civil liability regime, the ability to obtain insurance on reasonable economic terms may be even more difficult in the future. To date, we have chosen not to obtain directors and officers insurance.

The Ability to Execute Business Plans and Integration
The Company's growth strategy has relied in part on acquisitions and the associated realization of operating synergies. A successful acquisition requires the Company to identify suitable candidates for purchase on acceptable terms and the acquired business to be successfully integrated in a timely and non-disruptive manner designed to minimize the risk of loss of client business. Even with the investment of management and financial resources, an acquisition may not produce the anticipated revenue, earnings or business synergies anticipated at the time of acquisition. In addition, acquisitions can involve non-recurring charges and if not successful, the write-off of amounts of goodwill and other intangible assets that could have an adverse effect on the financial results. Management performs an extensive review of the value of goodwill and other intangible assets, which review has not identified any required adjustments during 2008 and 2007. However, there can be no assurance that the Company will not incur significant costs in the future in connection with such potential liabilities.

Litigation Risk
Litigation risk is inherent in each of the business lines of the Company as well as in operations that may be acquired by the Company. Litigation risk cannot be eliminated, even if there is no legal cause of action. The legal risks facing the Company, its directors, trustees, officers or employees in this respect include potential liability for violations of securities laws, breach of fiduciary duty and misuse of investors' funds. It is possible that litigation and in particular, class action litigation, may increase in Canada as a result of the introduction of the secondary market civil liability regime.

Possible Volatility of Stock Price
The market price of the Company's shares has been, and may in future, be subject to significant fluctuation in response to numerous factors, including variations in the annual or quarterly financial results of its subsidiaries or their competitors, the timing of announcements of acquisitions by its subsidiaries or their competitors, conditions in the economy in general or in the financial services, real estate, or resources sectors in particular, changes in applicable laws and regulations, rumours and speculation, and other factors. Moreover, from time to time, the stock market experiences significant price and volume volatility that may affect the market price of the Company's shares for reasons unrelated to the performance of the Company or its subsidiaries. No prediction can be made as to the effect, if any, that future sales of shares or the availability of shares for future sale (including shares issued under share based compensation arrangements) will have on the market price of the shares existing from time to time. Sales of substantial numbers of such shares or the perception that such sales could occur, could adversely affect the price of the shares.

Other
The Company cautions that the preceding discussion of factors that may affect future results is not exhaustive. Dundee Corporation's performance may also be affected by other specific risks that may be highlighted from time to time in public filings of the Company or its subsidiaries which may be available on the Canadian Securities Administrators' website at www.sedar.com. Investors and others should carefully consider these factors, as well as other uncertainties, assumptions and industry and company specific factors that may adversely affect future results. The Company assumes no obligation, except as required by law, to update or revise its risk disclosure to reflect new events or circumstances.

FORWARD LOOKING STATEMENTS

Dundee Corporation's public communications may include written or oral forward looking statements. Statements of this type are included in this Management's Discussion and Analysis ("MD&A"), and may be included in other filings with the Canadian and United States securities regulators, stock exchanges or in other communications. All such statements are made pursuant to the "safe harbour" provisions of applicable Canadian and U.S. Securities laws. Forward looking statements may include, but are not limited to, statements about anticipated future events including comments with respect to our objectives and priorities for 2009 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. Such statements are based on current expectations of management of the Company and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and those affecting the financial services, real estate and resources industries generally. The forward looking information contained in this MD&A is presented for the purpose of assisting our shareholders in understanding our business operations and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes.

The risks, uncertainties and other factors that may influence actual results are referenced in the section entitled "Managing Risk" in this MD&A. Actual results may differ materially from the forward looking statements contained in this MD&A, depending upon, among other factors, general economic and market conditions, our ability to execute our strategic plans and meet financial obligations, the performance of the Company's principal subsidiaries and the Company's ability to raise additional capital; creating, attracting and retaining AUM and AUA in light of the global recession and steep declines in global equity markets; competition faced by the Company; regulation of the Company's businesses; risks associated with the Company's real estate and resources businesses and the Company's investment holdings in general, including risks associated with oil and gas and mining exploration, development and processing activities, environmental risks, inflation, changes in interest rates, commodity prices and other financial exposures; maintenance of minimum regulatory capital requirements for certain of the Company's subsidiaries 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 are identified based upon information available as of March 31, 2009.

Assumptions about the future performance of the Canadian and U.S. economies were material factors considered by management when setting the Company's strategic priorities and objectives, and when determining our financial targets. In determining our expectations for economic growth in the financial services, real estate and resource sectors, we considered historical economic data provided by the Canadian government and its agencies and current market conditions, including the status of the current economic and credit crisis.

Forward looking statements contained in this MD&A are not guarantees of future performance and 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. As evidenced by the events of the past year, market volatility and the recent economic and credit crisis, 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 concerning Dundee Corporation, including a copy of the Company's Annual Information Form may be found on SEDAR at www.sedar.com.

Toronto, Ontario

March 31, 2009

Exhibit 99.4

Consent of Independent Auditors

We hereby consent to the use in this Annual Report on Form 40-F of Dundee Corporation (the "Company") of our report dated April 7, 2009 on the consolidated financial statements and the effectiveness of internal control over financial reporting, which appears in this Annual Report on Form 40-F for the year ended December 31, 2008.

PricewaterhouseCoopers LLP

Chartered Accountants, Licensed Public Accountants

Toronto, Canada
April 7, 2009

Exhibit 99.5

CERTIFICATION
Pursuant to 18 United States Code § 1350

The undersigned hereby certifies that to his knowledge the Annual Report on Form 40-F for the fiscal year ended December 31, 2008, of Dundee Corporation (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/Ned Goodman
Ned Goodman
President and Chief Executive Officer
Date: April 8, 2009

CERTIFICATION
Pursuant to 18 United States Code § 1350

The undersigned hereby certifies that to her knowledge the Annual Report on Form 40-F for the fiscal year ended December 31, 2008, of Dundee Corporation (the "Company") filed with the Securities and Exchange Commission on the date hereof fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, and that the information contained in such report fairly presents, in all material respects, the financial condition and results of operations of the Company.

By: /s/Joanne Ferstman
Joanne Ferstman
Executive Vice President,
Chief Financial Officer and Corporate Secretary
Date: April 8, 2009

Exhibit 99.6

CERTIFICATION

I, Ned Goodman, certify that:

1. I have reviewed this annual report on Form 40-F of Dundee Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation;

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: April 8, 2009

/s/Ned Goodman
Ned Goodman
President and Chief Executive Officer

CERTIFICATION

I, Joanne Ferstman, certify that:

1. I have reviewed this annual report on Form 40-F of Dundee Corporation;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the issuer as of, and for, the periods presented in this report;

4. The issuer's other certifying officer and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) and internal control over financial reporting (as defined in Exchange Act Rules 13a-15(f) and 15d-15(f)) for the issuer and have:

   (a) Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the issuer, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

   (b) Designed such internal control over financial reporting, or caused such internal control over financial reporting to be designed under our supervision, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles;

   (c) Evaluated the effectiveness of the issuer's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

   (d) Disclosed in this report any change in the issuer's internal control over financial reporting that occurred during the period covered by the annual report that has materially affected, or is reasonably likely to materially affect, the issuer's internal control over financial reporting; and

5. The issuer's other certifying officer and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the issuer's auditors and the audit committee of the issuer's board of directors (or persons performing the equivalent functions):

   (a) All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the issuer's ability to record, process, summarize and report financial information; and

   (b) Any fraud, whether or not material, that involves management or other employees who have a significant role in the issuer's internal control over financial reporting.

Date: April 8, 2009

/s/Joanne Ferstman
Joanne Ferstman
Executive Vice President,
Chief Financial Officer and Corporate Secretary