DUNDEE ENERGY LIMITED

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017

MANAGEMENT'S DISCUSSION AND ANALYSIS

Dundee Energy Limited ("Dundee Energy" or the "Corporation") is a Canadian-based company focused on creating long-term value through the development and acquisition of high-impact energy projects. The Corporation's common shares trade on the Toronto Stock Exchange ("TSX") under the symbol "DEN". Dundee Energy holds interests, both directly and indirectly, in a large accumulation of producing oil and natural gas assets in southern Ontario and is the original developer of an offshore underground natural gas storage facility in Spain. The Corporation also holds an investment in preferred shares of Eurogas International Inc. ("Eurogas International"), an oil and gas exploration company targeting oil and natural gas reserves.

This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of August 1, 2017 and provides an update on matters discussed in, and should be read in conjunction with the Corporation's audited consolidated financial statements as at and for the year ended December 31, 2016 (the "2016 Consolidated Financial Statements") and the unaudited condensed interim consolidated financial statements as at and for the three and six months ended June 30, 2017 (the "June 2017 Interim Consolidated Financial Statements"), which have been prepared using International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars unless otherwise specified. Tabular dollar amounts, unless otherwise specified, are in thousands of dollars, except for per unit or per share amounts.

GOING CONCERN ASSUMPTION

On July 31, 2012, the Corporation's principal subsidiary, Dundee Energy Limited Partnership ("DELP") established a credit facility for up to $70 million with a Canadian Schedule I Chartered Bank. The terms of the credit arrangement were detailed in a credit agreement of the same date. The credit facility was structured as a demand loan, whereby the lender to DELP retained full right, at its sole discretion, to demand repayment of all amounts borrowed under the credit arrangement, whether in whole or in part, at any time. Borrowings under the facility were subject to certain financial covenants, including maintenance of minimum levels of working capital as defined in the credit agreement, and the maintenance of certain net debt to cash flow ratios. At June 30, 2017, DELP was in compliance with all such financial covenants.

On February 18, 2016, the terms of DELP's credit facility were amended to reduce the amounts available pursuant to the credit facility from $70 million to $60 million, with a further requirement to reduce the facility to $55 million before December 31, 2016. The February 2016 amendment to the credit facility required that DELP maintain a hedging strategy in respect of the sale of commodities, and it required collaboration of the Corporation for the prepayment from any net proceeds received by the Corporation in the event of the sale of certain assets and/or the settlement of the arbitration process in respect of the Castor Project (see *"Significant Projects – Castor UGS Limited Partnership and the Castor Project"* below).

DELP continues to generate positive cash flows from its assets in southern Ontario, and it continues to remain in compliance with the financial covenant requirements of the credit agreement. However, the low commodity price environment has, in the view of DELP's lender, eroded the value of DELP's assets in southern Ontario, and it has therefore also eroded the lender's underlying secured interest in such assets. In late 2016 and early 2017, the lender requested that DELP further reduce its borrowings under the credit facility by early 2017. DELP was not able to meet these requirements and in January 2017, it requested and it obtained a waiver from its lender in respect of these requirements, conditional on DELP agreeing to the terms of a forbearance agreement (the "Forbearance Agreement"). On January 31, 2017, DELP entered into the Forbearance Agreement with its lender, pursuant to which, and provided that certain conditions were met, DELP's lender had agreed to forbear from exercising its enforcement rights and remedies under the terms of the credit facility until the earlier of May 15, 2017; the occurrence of an event of default under the terms of the credit facility; the occurrence of a default or breach of representation under the Forbearance Agreement; or on a demand by the lender.

In connection with these events, and with the approval of its board of directors, the Corporation initiated a strategic review process for DELP, the purpose of which was to identify, examine and consider a range of strategic alternatives available to the Corporation with respect to enhancing the value of its investment in DELP. Strategic alternatives may have included, but were not limited to, a debt restructuring, a sale of all or a material portion of the assets of DELP, either in one transaction or a series of transactions, the outright sale of DELP, a business combination or other transaction involving DELP and a third party, and/or alternative financing initiatives.

The Forbearance Agreement provided a definitive timeline within which the Corporation was required to complete this process. The Corporation engaged independent financial advisors to advise the Corporation in connection with this comprehensive review and analysis. Under the terms of the Forbearance Agreement, DELP had committed to enter into a binding agreement under an arrangement, which binding agreement was to be satisfactory to its lender, by April 7, 2017. In any case, the lender at all times retained its right to demand repayment in full, including during the forbearance period.

The lender did not provide its consent to any of the proposals made by the Corporation and the Forbearance Agreement expired on May 15 2017, without resolution. On July 21, 2017, the Corporation received notice from its lender, demanding repayment of amounts borrowed pursuant to the credit facility by July 31, 2017. While the Corporation was unable to meet the demand made by its lender, the lender has not immediately moved to enforce its rights and remedies under the terms of the credit facility, and it remains in cooperative discussion with the Corporation as to options. It is anticipated that management of the Corporation will continue to have responsibility for day-to-day operations of the business and that the business will continue to operate as a going concern, while a further process is conducted, under the direction of the Corporation's lender, to maximize the value of the business.

The Corporation's June 2017 Interim Consolidated Financial Statements have been prepared using accounting principles applicable to a going concern. The going concern basis assumes that the Corporation will continue its operations for the foreseeable future, and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business. The low commodity price environment has constrained the Corporation's access to capital under its existing credit facility and otherwise. Without access to financing, the Corporation will be challenged to deploy the capital that it requires to maintain its existing reserves and production volumes, fund repair and maintenance costs, meet its current financial obligations, including the servicing of its debt and its ability to meet decommissioning obligations, and otherwise develop its ongoing business strategy. Furthermore, there can be no assurance that the Corporation and its lender will reach a satisfactory resolution pursuant to the lenders' demand under the terms of the credit facility, whether in whole or in part.

The material uncertainty caused by the events described above casts significant doubt upon the Corporation's ability to continue as a going concern and the ultimate appropriateness of using accounting principles applicable to a going concern. The June 2017 Interim Consolidated Financial Statements do not include any adjustments to the amounts and classification of assets and liabilities that might be necessary should the Corporation be unable to continue as a going concern. If the Corporation is not able to continue as a going concern, the Corporation may be required to reassess the carrying value of its assets, including the appropriateness of recognizing the benefit of income tax loss carry forwards, in light of circumstances that could result in the realization of its assets and the discharge of its liabilities in other than the normal course of business and at amounts different from those reflected in these unaudited condensed interim consolidated financial statements. These differences could be material.

PERFORMANCE MEASURES AND BASIS OF PRESENTATION

The Corporation's June 2017 Interim Consolidated Financial Statements have been prepared in accordance with IFRS and use the Canadian dollar as its presentation currency. However, the Corporation believes that important measures of its economic performance include certain measures that are not defined under IFRS and as such, may not be comparable to similar measures used by other companies. Throughout this MD&A, there are references to the following performance measures which management believes are valuable in assessing the economic performance of the Corporation. While these measures are not defined by IFRS, they are common benchmarks in the energy industry, and are used by the Corporation in assessing its operating results, including net earnings and cash flow.

- "Barrel of Oil Equivalent" or "boe" is calculated at a barrel of oil conversion ratio of six thousand cubic feet ("Mcf") of natural gas to one barrel ("bbl") of oil (6 Mcf to 1 bbl), based on an energy equivalency conversion method which is primarily applicable at the burner tip and does not always represent a value equivalency at the wellhead.

- "Field Level Cash Flows" is calculated as revenues from oil and natural gas sales, less royalties and production expenditures, adjusted for the effect of the Corporation's derivative financial instruments. Field level cash flows contribute to the funding of the Corporation's working capital and to capital expenditure requirements. Field level cash flows also provide for repayment of amounts owing pursuant to the Corporation's credit facilities (see *"Liquidity and Capital Resources"*).

- "Field Netbacks" refer to field level cash flows expressed on a measurement unit or barrel of oil equivalent basis.

- "Proved Reserves" are those reserves that can be estimated with a high degree of certainty to be recoverable. It is likely that the actual remaining quantities recovered will exceed the estimated proved reserves.

- "Probable Reserves" are those additional reserves that are less certain to be recovered than proved reserves. It is equally likely that the actual remaining quantities recovered will be greater or less than the sum of the estimated proved plus probable reserves.

- "Reserve Life Index" is determined by dividing proved reserves by expected annual production. For greater certainty, the reserve life index includes only proved reserves and does not include probable or possible reserves.

- "Per Day Amount" or "/d" is used throughout this MD&A to reflect production volumes on an average per day basis.

CONSOLIDATED RESULTS OF OPERATIONS

Six months ended June 30, 2017 compared with the six months ended June 30, 2016

Consolidated Net Loss

During the six months ended June 30, 2017, the Corporation incurred a net loss attributable to owners of the parent of $0.6 million. This compares with a net loss attributable to owners of the parent of $10.2 million, or a net loss of $0.05 per share incurred in the same period of the prior year. Included in the net loss attributable to owners of the parent during the first half of the prior year was an impairment loss of $5.0 million against certain natural gas properties, and a loss of $1.5 million realized on the disposal of an offshore jack-up drilling platform.

For the six months ended June 30,			2017			2016
	Net (Loss) Earnings	Attributable to Owners of the Parent	Non-Controlling Interest	Net (Loss) Earnings	Attributable to Owners of the Parent	Non-Controlling Interest
Southern Ontario Assets	$ (423)	$ (423)	$ -	$ (12,631)	$ (12,631)	$ -
Castor Project	(107)	(80)	(27)	(1,247)	(921)	(326)
Loss from investment in preferred shares of Eurogas International	(638)	(638)	-	(640)	(640)	-
Corporate activities*	569	569	-	3,948	3,948	-
Net loss for the period	**$ (599)**	**$ (572)**	**$ (27)**	**$ (10,570)**	**$ (10,244)**	**$ (326)**

* Corporate activities include income tax recovery amounts associated with the underlying operations of the Corporation's subsidiaries.

Southern Ontario Assets

Operating Performance

The Corporation's operating performance is dependent on both production volumes of oil, natural gas and natural gas liquids, as well as the prices received for these commodities. During the six months ended June 30, 2017, sales of oil and natural gas, net of royalty interests, were $11.8 million, an increase of $2.9 million when compared with net sales of $8.9 million earned during the same period of the prior year. Higher realized prices for underlying commodities increased aggregate net sales by $3.4 million, partially offset by lower production volumes, the effect of which was to reduce net sales by $0.5 million.

		Natural Gas		Oil and Liquids		Total
Net Sales						
Six months ended June 30, 2017	$	7,219	$	4,586	$	11,805
Six months ended June 30, 2016		5,233		3,695		8,928
Net increase in net sales	**$**	**1,986**	**$**	**891**	**$**	**2,877**
Effect of changes in production volumes	$	(298)	$	(262)	$	(560)
Effect of changes in commodity prices		2,284		1,153		3,437
	$	1,986	$	891	$	2,877

* In accordance with industry practice, production volumes, reserve volumes and oil and gas sales are reported on a working interest or "net" basis.

Effect of Commodity Prices on Revenues from Oil and Gas Sales

Prices for oil and natural gas vary from period to period due to several factors including supply, demand, weather, general economic conditions and changes in foreign exchange rates. The following tables illustrate the price per unit realized by the Corporation during the six months ended June 30, 2017 and 2016, and provide a comparison of relative changes in benchmark price indicators for such commodities during the respective periods.

For the six months ended June 30,				2017					2016	
		Sales		Realized Unit Price			Sales		Realized Unit Price	
Natural gas	$	8,481	$	4.56	Mcf	$	6,138	$	3.11	Mcf
Oil		5,387		65.01	bbl		4,324		48.70	bbl
Liquids		7		29.12	bbl		12		17.99	bbl
		13,875					10,474			
Less: Royalties at 15% (2016 – 15%)		(2,070)					(1,546)			
Net sales	**$**	**11,805**				**$**	**8,928**			

For the six months ended June 30,			2017			2016
	US$	CAD$	Realized Prices ($)	US$	CAD$	Realized Prices ($)
Natural Gas (per Mcf)						
Dawn Hub	3.16	4.22	4.56	2.13	2.84	3.11
NYMEX Henry Hub	3.05	4.07		2.07	2.76	
Oil (per bbl)						
Canadian Light Sweet	n/a	62.27	65.01	n/a	48.11	48.70
West Texas Intermediate	49.85	66.62		39.54	52.76	

During the six months ended June 30, 2017, the Corporation realized an average price on sales of natural gas of $4.56/Mcf, approximately 47% higher than the realized average sales price of $3.11/Mcf earned in the same period of the prior year. While the increase corresponds to increases in commodity markets, the Corporation's realized prices for natural gas continue to benefit from its proximity to the Dawn Hub, as it is a provider of natural gas supply to the greater Toronto market area.

During the first six months of 2017, the Corporation realized an average price of $65.01/bbl on sales of crude oil, a 33% increase from the average price of $48.70/bbl realized during the same period of the prior year and modestly higher than a 26% increase in the US dollar-denominated West Texas Intermediate price for this commodity and a 29% increase in the Canadian dollar-denominated price of Canadian light sweet crude oil.

Derivative Financial Instruments – Price Risk Management

In order to mitigate its exposure to price volatility, the Corporation may, from time to time, enter into fixed price commodity contracts. These derivative financial instruments assist the Corporation in securing a stable amount of cash flow to fund its operations, manage its outstanding debt, and to provide for its discretionary capital expenditures. The Corporation receives the majority of its revenues in US dollars and the pricing for commodities, including oil and natural gas, are closely referenced to the US dollar. The Corporation has, from time to time, mitigated its exposure to changes in commodity prices resulting from foreign exchange variability by entering into some of its commodity derivative financial instruments on a Canadian dollar basis.

The following table summarizes the realized and unrealized gains or losses from the Corporation's derivative financial instruments during the six months ended June 30, 2017, compared with the same period of the prior year. For accounting purposes, the Corporation has not designated its derivative financial instruments as hedges. Accordingly, the gains or losses from these contracts are not reflected in the Corporation's reported amounts of oil and natural gas sales, but rather they are separately reported as gains or losses from derivative financial instruments in the Corporation's net earnings or loss.

For the six months ended June 30,			2017			2016
	Realized Loss	Unrealized Gain	Total	Realized Gain	Unrealized Loss	Total
Gas swaps	$ (663)	$ 1,803	$ 1,140	$ 548	$ (1,422)	$ (874)

At June 30, 2017, the Corporation had a single derivative financial instrument for 5,000 million British thermal units ("mmbtu") per day at US$2.70/mbtu for the period from July 1, 2017 to January 1, 2018. Given the recent improvement in the outlook for natural gas prices, the Corporation's derivative financial instruments at June 30, 2017 had a negative value of $0.5 million.

Contract Fixed Price Swap	Volume	Pricing Point	Strike Price ($/unit)	Remaining Term	Fair Value as at June 30, 2017
Natural Gas	5,000 mmbtu/day	NYMEX	US$2.70	Jul 01/17 to Jan 01/18	$ (472)

Further investment in derivative financial instruments will not be permitted under the terms of DELP's lending arrangements.

Production Volumes

During the six months ended June 30, 2017, production volumes decreased to an average of 2,171 boe/d, compared with an average of 2,298 boe/d produced in the same period of 2016. Approximately 79% of the Corporation's production volumes are from natural gas, while the remaining 21% of production volumes are from oil and liquids.

Average daily volume during the six months ended June 30,	2017	2016
Natural gas (Mcf/d)	10,274	10,835
Oil (bbls/d)	458	488
Liquids (bbls/d)	1	4
Total (boe/d)	2,171	2,298

Reductions in production volume reflect the expected natural depletion of the Corporation's resources. Due primarily to financial constraints, the Corporation has limited its capital works and development initiatives, which has temporarily curtailed the potential for further exploitation of its producing properties.

Production Expenditures

Production expenditures include costs associated with producing raw oil and natural gas from the reservoir through a gathering system to a central manufacturing facility. The manufacturing process includes separating oil, natural gas, water and other impurities to meet buyer specifications. Also included in production expenditures is an allocation of general and administrative costs, including labour that is directly attributable to these activities.

During the first half of 2017, the Corporation incurred production expenditures of $5.3 million or $13.60/boe, a decrease of $1.4 million from production expenditures of $6.7 million or $15.91/boe incurred in the same period of the prior year. Decreases in production expenditures reflect a higher allocation of labour and materials to reclamation activities.

For the six months ended June 30,			2017			2016
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids	Total
Production expenditures	$ 3,366	$ 1,979	$ 5,345	$ 4,213	$ 2,441	$ 6,654
Production expenditures	(per Mcf)	(per bbl)	(per boe)	(per Mcf)	(per bbl)	(per boe)
per unit	$ 1.81	$ 23.82	$ 13.60	$ 2.14	$ 27.29	$ 15.91

Field Level Cash Flows and Field Netbacks

For the six months ended June 30,			2017			2016
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids	Total
Total sales	$ 8,481	$ 5,394	$ 13,875	$ 6,138	$ 4,336	$ 10,474
Royalties	(1,262)	(808)	(2,070)	(905)	(641)	(1,546)
Production expenditures	(3,366)	(1,979)	(5,345)	(4,213)	(2,441)	(6,654)
	3,853	2,607	6,460	1,020	1,254	2,274
Realized (loss) gain on derivative financial instruments	(663)	-	(663)	548	-	548
Field level cash flows	**$ 3,190**	**$ 2,607**	**$ 5,797**	**$ 1,568**	**$ 1,254**	**$ 2,822**

For the six months ended June 30,			2017			2016
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids	Total
	$/Mcf	$/bbl	$/boe	$/Mcf	$/bbl	$/boe
Total sales	$ 4.56	$ 64.91	$ 35.30	$ 3.11	$ 48.47	$ 25.05
Royalties	(0.68)	(9.72)	(5.27)	(0.46)	(7.16)	(3.70)
Production expenditures	(1.81)	(23.82)	(13.60)	(2.14)	(27.29)	(15.91)
	2.07	31.37	16.43	0.51	14.02	5.44
Realized (loss) gain on derivative financial instruments	(0.36)	-	(1.69)	0.28	-	1.31
Field netbacks	**$ 1.71**	**$ 31.37**	**$ 14.74**	**$ 0.79**	**$ 14.02**	**$ 6.75**

Improved prices for commodities, before the effect of any of the Corporation's derivative financial instruments, increased field level cash flows to $6.5 million or $16.43/boe, essentially 2.8 times field level cash flows of $2.3 million or $5.44/boe generated during the first half of the prior year.

Field level cash flows from natural gas operations, before the effect of derivative financial instruments, increased to $3.9 million or $2.07/Mcf, compared with field level cash flows of $1.0 million or $0.51/Mcf in the same period of the prior year.

Field level cash flows from oil and liquids, before the effect of derivative financial instruments, increased to $2.6 million during the first half of 2017, compared with field level cash flows of $1.3 million in the same period of the prior year. On a per unit basis, field netbacks from oil and liquids production were $31.37/bbl during the first half of 2017, an increase from field netbacks from oil and liquids production of $14.02/bbl during the same period of the prior year.

During the first half of 2017, the Corporation recognized a $1.1 million net gain from its derivative financial instruments, including an unrealized gain of $1.8 million, offset by a realized loss of $0.7 million. The realized loss reduced field netbacks from natural gas by $0.36/Mcf.

Capital Expenditures

In response to low commodity prices for both crude oil and natural gas, and as a result of the impact these lower prices have had on the Corporation's ability to borrow pursuant to its existing lending arrangements, the Corporation continues to limit its 2017 capital work plan. During the first half of 2017, the Corporation incurred capital expenditures of $0.4 million, all of which related to maintaining its existing and essential land portfolio. During the first six months of the prior year, capital expenditures were $0.6 million, of which $0.5 million was related to maintenance of the Corporation's land portfolio.

In the first half of the prior year, the Corporation sold an offshore jack-up drilling platform for proceeds of $88,000, after identifying the jack-up drilling rig as redundant to operations. The Corporation's financial results for the first half of the prior year include a loss of $1.5 million related to this disposal.

Impairment of Natural Gas Properties

During the first half of the prior year, the Corporation recognized an impairment loss of $5.0 million on certain natural gas properties in southern Ontario, reducing their carried value to their recoverable amount on the date of the impairment. In computing the recoverable amount, expected future cash flows were adjusted for risks specific to the natural gas properties and discounted using a discount rate of 8%.

Decommissioning Liabilities

DELP is subject to the provisions of the *Oil, Gas and Salt Resources Act* (Ontario) which requires, among other things, the plugging and/or decommissioning of inactive wells within 12 months of becoming inactive so that they do not become a hazard to the environment and/or public safety. DELP maintains an up-to-date emergency response program that is designed and monitored by highly qualified individuals that ensure adherence to environmental and safety policies and standards. As well, DELP maintains property and liability insurance coverage which provides a reasonable amount of protection from risk of loss. However, not all risks are foreseeable or insurable and there can be no guarantee that DELP will be able to recover any financial losses suffered as a result of environmental factors directly from its insurance arrangements.

In August 2015, the Ministry of Natural Resources and Forestry ("MNRF") issued an order to DELP and to its general partner, outlining its requirements for the abandonment of approximately 73 wells over a period beginning in 2015. Due to the low price environment in commodity markets, and its effect on DELP's borrowing capabilities, DELP was not able to comply with the immediate requirements of the order from the MNRF and consequently, it entered into discussions with the MNRF in order to obtain a deferral of these obligations. In January 2017, DELP obtained the approval of the MNRF to defer its plugging and abandonment program, subject to DELP complying with a revised timeline for the abandonment of inactive wells, including the abandonment of nine onshore and 44 offshore wells in 2017. In connection with the revised plugging and decommissioning requirements, Dundee Corporation, the Corporation's parent, has provided a letter of support for up to $2.5 million to complete DELP's current year abandonment obligations under the revised terms approved by the MNRF, if DELP does not have the financial resources to comply with the requirements. At June 30, 2017, the Corporation had completed the abandonment of six onshore wells and 25 offshore wells pursuant to these requirements at a cost of approximately $1.9 million. While the Corporation is ahead of its scheduled abandonment progress, the abandonment program is partially dependent on weather conditions.

The Corporation has recorded a decommissioning liability, representing its best estimate of the costs that it will incur to settle future site restoration, abandonment and reclamation obligations, including activities that are required as part of the order referred to above. At June 30, 2017, the Corporation's estimate of these future costs on an undiscounted basis is approximately $97.6 million. The Corporation expects to incur these forecasted obligations over the life of the underlying assets, which is currently in excess of 40 years.

In accordance with accounting requirements, the Corporation records the estimated decommissioning liability in the Corporation's consolidated financial statements on a discounted basis using discount rates that are specific to the underlying obligations. At June 30, 2017, the discounted amount of the Corporation's decommissioning liabilities was $58.3 million. The discount used in calculating the Corporation's decommissioning liabilities is accreted over time. During the six months ended June 30, 2017, the Corporation incurred accretion expense of $0.7 million (six months ended June 30, 2016 – $0.5 million) related to the carrying value of its decommissioning liabilities.

Castor UGS Limited Partnership and the Castor Project

The Corporation is the original developer of a Spanish infrastructure undertaking that converted an abandoned oilfield to a natural gas storage facility (the "Castor Project"). The Castor Project, and the related exploitation concession, were owned and developed by Escal UGS S.L. ("Escal"), a company incorporated under Spanish jurisdiction. ACS Servicios Communicacions y Energia S.L. ("ACS"), a construction group in Spain, is a 67% shareholder of Escal, while Castor UGS Limited Partnership ("CLP"), the Corporation's 74% owned subsidiary, holds the remaining 33% interest in Escal.

In July 2014, Escal determined that it was appropriate to exercise its right under the underground gas storage concession to relinquish the concession to the Spanish authorities. On October 3, 2014, the Spanish government approved Royal Decree-Law 13/2014, which became effective on October 4, 2014, the date of its publication in the Spanish Official State Gazette. The Royal Decree-Law formally accepted the relinquishment of the Castor Project, it acknowledged the termination of the concession, and it reverted ownership of the associated facilities back to the public domain.

CLP had previously initiated binding arbitration proceedings against ACS as to the sharing of cash flows from the Castor Project. On March 27, 2017, the Corporation announced that the arbitral tribunal of the International Chamber of Commerce had rendered its decision related to the Castor Project, denying the claim made by CLP. The decision was rendered by a majority of the three-person tribunal, with the third member issuing a dissenting opinion. The Corporation continues to explore its options but has not yet determined an alternative course of action.

The Corporation accounts for its investment in Escal using the equity method. At June 30, 2017 and December 31, 2016, Escal's net equity available to shareholders was negative, reflecting operating losses and the settlement of unfavourable hedging transactions. Accordingly, the Corporation has reduced the carrying value of its investment in Escal to $nil at June 30, 2017 (December 31, 2016 – $nil). The Corporation has not reduced its carrying value in Escal to below $nil as the Corporation does not have any legal or constructive obligations in respect of its investment in Escal, nor is it currently obligated to make any payments on behalf of Escal. A more detailed description of the Corporation's investment in Escal is provided in the MD&A accompanying the 2016 Consolidated Financial Statements under *"Significant Projects – Castor UGS Limited Partnership and the Castor Project"*.

Issuance of Limited Partnership Units in Castor UGS Limited Partnership

During the first half of 2017, and in order to fund legal and other related costs of the Castor Project arbitration process, CLP raised funds through a voluntary cash call to its limited partners. CLP raised partners' capital of $1.3 million from the cash call, including $1.0 million raised directly from the Corporation.

Investment in Series A Preference Shares of Eurogas International Inc.

Because of the Corporation's entitlement to demand redemption of the Series A Preference Shares at any time from Eurogas International, the Corporation has classified its investment in the Series A Preference Shares as a loan receivable and the associated dividends as interest income. The Corporation has completed an assessment of the fair value of the Series A Preference Shares. In its assessment, the Corporation considered factors such as the delinquency of dividend payments and the financial resources available to Eurogas International to meet current commitments and pursue growth opportunities. The Corporation concluded that there was significant impairment in the par value of the Series A Preference Shares and the related accrued dividends thereon and accordingly, the Corporation has fully provided against the carrying values of these assets. During the first six months of 2017, the Corporation provided for an impairment loss relating to its investment in Eurogas International of $0.6 million (six months ended June 30, 2016 – $0.6 million).

In 2014, Eurogas International entered into a farm in arrangement with DNO Tunisia AS ("DNO") that essentially provides DNO with an 87.5% participating interest in the Sfax exploration permit. Eurogas International retains a 5.625% interest. Under the terms of the farm in arrangement, DNO assumed the obligation for 100% of all future costs associated with the permit, as well as the assumption of all related drilling obligations. In August 2015, DNO received regulatory approval from the Tunisian authorities for a two-year extension of the first renewal period related to the permit, extending the first renewal period and the associated exploration well drilling obligation to December 8, 2017. On July 21, 2017, the Tunisian authorities approved a further one-year extension to December 8, 2018. The extension is subject to certain conditions, including the replacement of a seismic commitment with the deepening of the well drilling obligation to the Reineche formation.

Other Items in Consolidated Net Earnings

General and Administrative Expenses

General and administrative expenses incurred during the first six months of 2017 were $1.7 million, a substantial decrease from general and administrative expenses of $2.7 million incurred during the first half of the prior year. General and administrative expenses in the first half of 2017 include approximately $175,000 of costs associated with DELP's lending arrangements. In the comparative period of the prior year, the Corporation incurred costs of $1.2 million related to the arbitration process associated with the Castor Project.

Interest Expense

The Corporation incurred interest expense of $2.6 million in the first half of 2017, compared with interest expense of $2.2 million incurred in the same period of the prior year. Included in interest expense is $0.7 million (six months ended June 30, 2016 – $0.5 million) of accretion expense associated with the Corporation's decommissioning liabilities, with the balance of interest expense incurred predominantly on borrowings pursuant to the Corporation's credit facility. Interest expense has increased as a result of higher borrowing costs.

Income Tax Expense

The Corporation recognized an income tax recovery amount of $0.2 million in the first six months of 2017 (six months ended June 30, 2016 – $3.6 million), generating an effective income tax rate of 26% (six months ended June 30, 2016 – 26%).

SELECTED QUARTERLY FINANCIAL INFORMATION

	2017		2016				2015	
	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
Revenues	$ 5,859	$ 5,946	$ 5,933	$ 5,449	$ 4,698	$ 4,230	$ 4,974	$ 6,400
Net loss attributable to owners of the parent	**(539)**	**(33)**	**(6,766)**	**(2,111)**	**(7,303)**	**(2,941)**	**(3,633)**	**(1,902)**
Basic and fully diluted loss per share	$ (0.00)	$ (0.00)	$ (0.04)	$ (0.01)	$ (0.04)	$ (0.02)	$ (0.02)	$ (0.01)
Capital expenditures before disposals	$ (31)	$ (408)	$ 36	$ 38	$ 189	$ 434	$ 249	$ 56

- During the fourth quarter of 2016, the Corporation recorded an impairment loss of $6.9 million related to certain exploration and evaluation properties.
- During the third quarter of 2016, the Corporation recognized a marked-to-market loss of $0.7 million related to the Corporation's 45% interest in Windiga Energy Inc., which is included in the Corporation's statement of financial position as "Investments". Additional information regarding the Corporation's investment in Windiga Energy Inc. is included in Note 7 to the 2016 Consolidated Financial Statements.
- During the second quarter of 2016, the Corporation recorded an impairment loss of $5.0 million on certain natural gas properties in response to a continued decline in long-term natural gas prices.
- During the first quarter of 2016, the Corporation recorded a loss on the disposal of redundant offshore oil and gas assets of $1.5 million.

- During the fourth quarter of 2015, the Corporation recorded an impairment loss of $0.9 million on certain oil properties in response to a sharp decline in oil prices.
- Changes in the fair value of the Corporation's derivative financial instruments are included in the Corporation's net earnings or loss. These fair value changes may cause significant volatility in the Corporation's operating results. The following table illustrates the impact of changes in the fair value of the Corporation's derivative financial instruments to its net operating results on a quarterly basis:

	2017		2016				2015	
	30-Jun	31-Mar	31-Dec	30-Sep	30-Jun	31-Mar	31-Dec	30-Sep
Changes in the fair value of derivative financial instruments	$ 341	$ 799	$ (1,360)	$ 269	$ (1,580)	$ 706	$ (21)	$ -

QUARTERLY CONSOLIDATED RESULTS OF OPERATIONS

Three months ended June 30, 2017 compared with the three months ended June 30, 2016

During the quarter ended June 30, 2017, the Corporation's net loss attributable to the owners of the parent was $0.5 million, compared with a net loss attributable to the owners of the parent of $7.3 million in the second quarter of the prior year. The net loss during the second quarter of 2016 included the previously discussed $5.0 million impairment on certain natural gas properties.

For the three months ended June 30,			2017			2016
	Net (Loss) Earnings	Attributable to Owners of the Parent	Non-Controlling Interest	Net (Loss) Earnings	Attributable to Owners of the Parent	Non-Controlling Interest
Southern Ontario Assets	$ (574)	$ (574)	$ -	$ (9,330)	$ (9,330)	$ -
Castor Project	(67)	(50)	(17)	(550)	(406)	(144)
Loss from investment in preferred shares of Eurogas International	(321)	(321)	-	(320)	(320)	-
Corporate activities*	406	406	-	2,753	2,753	-
Net loss for the period	**$ (556)**	**$ (539)**	**$ (17)**	**$ (7,447)**	**$ (7,303)**	**$ (144)**

* Corporate activities include income tax recovery amounts associated with the underlying operations of the Corporation's subsidiaries.

Southern Ontario Assets

During the second quarter of 2017, sales of oil and natural gas, net of royalty interests were $5.9 million, an increase of $1.2 million when compared with net sales of $4.7 million earned in the same period of the prior year. Higher realized prices for underlying commodities increased aggregate net sales by $1.3 million, partially offset by lower production volumes, the effect of which was to reduce net sales by $0.1 million.

	Natural Gas	Oil and Liquids	Total
Net Sales			
Three months ended June 30, 2017	$ 3,455	$ 2,404	$ 5,859
Three months ended June 30, 2016	2,591	2,107	4,698
Net increase in net sales	**$ 864**	**$ 297**	**$ 1,161**
Effect of changes in production volumes	$ (117)	$ (50)	$ (167)
Effect of changes in commodity prices	981	347	1,328
	$ 864	$ 297	$ 1,161

During the second quarter of 2017, the Corporation realized an average price on sales of natural gas of $4.34/Mcf, approximately 41% higher than the realized average sales price of $3.08/Mcf earned in the second quarter of the prior year.

The Corporation realized an average price of $64.60/bbl on sales of crude oil during the second quarter of 2017, a 17% increase from the average price of $55.21/bbl realized in the second quarter of the prior year.

For the three months ended June 30,		2017				2016		
		Sales		Realized Unit Price		Sales		Realized Unit Price
Natural gas	$	4,073	$	4.34 Mcf	$	3,028	$	3.08 Mcf
Oil		2,818		64.60 bbl		2,463		55.21 bbl
Liquids		7		29.12 bbl		8		24.97 bbl
		6,898				5,499		
Less: Royalties at 15% (2016 – 15%)		(1,039)				(801)		
Net sales	**$**	**5,859**			**$**	**4,698**		

For the three months ended June 30,			2017			2016
	US$	CAD$	Realized Prices ($)	US$	CAD$	Realized Prices ($)
Natural Gas (per Mcf)						
Dawn Hub	3.11	4.20	4.34	2.17	2.79	3.08
NYMEX Henry Hub	3.08	4.15		2.14	2.76	
Oil (per bbl)						
Canadian Light Sweet	n/a	59.72	64.60	n/a	55.01	55.21
West Texas Intermediate	48.10	64.92		45.46	58.52	

During the second quarter of 2017, production volumes decreased to an average of 2,200 boe/d, compared with an average of 2,293 boe/d produced in the same quarter of the prior year. Approximately 78% of the Corporation's production volumes are from natural gas, while the remaining 22% of production volumes are from oil and liquids.

Average daily volume during the three months ended June 30,	2017	2016
Natural gas (Mcf/d)	10,310	10,799
Oil (bbls/d)	479	490
Liquids (bbls/d)	3	3
Total (boe/d)	2,200	2,293

During the second quarter of 2017, the Corporation incurred production expenditures of $2.8 million, a decrease of $1.1 million or 28% from production expenditures of $3.9 million incurred in the same period of the prior year. Consistent with year-to-date results, decreases in production expenditures reflect a higher allocation of labour and materials to reclamation activities.

For the three months ended June 30,						2017						2016
		Natural Gas		Oil and Liquids		Total		Natural Gas		Oil and Liquids		Total
Production expenditures	$	1,881	$	964	$	2,845	$	2,545	$	1,402	$	3,947
Production expenditures		(per Mcf)		(per bbl)		(per boe)		(per Mcf)		(per bbl)		(per boe)
per unit	$	2.00	$	21.99	$	14.21	$	2.59	$	31.20	$	18.91

Field Level Cash Flows and Field Netbacks

For the three months ended June 30,			2017			2016
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids	Total
Total sales	$ 4,073	$ 2,825	$ 6,898	$ 3,028	$ 2,471	$ 5,499
Royalties	(618)	(421)	(1,039)	(437)	(364)	(801)
Production expenditures	(1,881)	(964)	(2,845)	(2,545)	(1,402)	(3,947)
	1,574	1,440	3,014	46	705	751
Realized (loss) gain on derivative financial instruments	(297)	-	(297)	349	-	349
Field level cash flows	**$ 1,277**	**$ 1,440**	**$ 2,717**	**$ 395**	**$ 705**	**$ 1,100**

For the three months ended June 30,			2017			2016
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids	Total
	$/Mcf	$/bbl	$/boe	$/Mcf	$/bbl	$/boe
Total sales	$ 4.34	$ 64.41	$ 34.45	$ 3.08	$ 55.00	$ 26.34
Royalties	(0.66)	(9.58)	(5.19)	(0.44)	(8.11)	(3.84)
Production expenditures	(2.00)	(21.99)	(14.21)	(2.59)	(31.20)	(18.91)
	1.68	32.84	15.05	0.05	15.69	3.59
Realized (loss) gain on derivative financial instruments	(0.32)	-	(1.48)	0.36	-	1.67
Field netbacks	**$ 1.36**	**$ 32.84**	**$ 13.57**	**$ 0.41**	**$ 15.69**	**$ 5.26**

During the second quarter of 2017, the Corporation recognized a $0.3 million gain from its derivative financial instruments, including an unrealized gain of $0.6 million, offset by a realized loss of $0.3 million. In comparison, during the second quarter of 2016, the Corporation incurred a loss of $1.6 million from its derivative financial instruments, including a $1.9 million unrealized loss, offset by a realized gain of $0.3 million.

LIQUIDITY AND CAPITAL RESOURCES

Southern Ontario Assets

The Corporation's southern Ontario operations are conducted through DELP, the Corporation's wholly-owned subsidiary. DELP had established a credit facility with a Canadian chartered bank that is structured as a revolving demand loan, with a tiered interest rate schedule that varies based on DELP's net debt to cash flow ratio, as defined in the credit facility. Based on DELP's current ratios, draws on the credit facility bear interest at the bank's prime lending rate plus 3.5%. In addition, DELP is subject to a standby fee of 0.55% on unused amounts under the credit facility. At June 30, 2017, DELP had drawn $56.1 million against the credit facility. The credit facility is subject to certain covenants, including maintenance of minimum levels of working capital. At June 30, 2017, DELP was in compliance with all such covenants.

DELP continues to generate positive cash flows from its assets in southern Ontario, and it continues to remain in compliance with the financial covenant requirements of the credit agreement. However, low commodity prices have, in the view of DELP's lender, eroded the value of DELP's assets in southern Ontario, and therefore eroded the lender's underlying secured interest in such assets.

As a consequence, on January 31, 2017, DELP and the Corporation entered into a Forbearance Agreement with the lender to DELP pursuant to which, and provided that certain conditions were met, DELP's lender had agreed to forbear from exercising its enforcement rights and remedies under the terms of the credit facility until the earlier of May 15, 2017; the occurrence of an event of default under the terms of the credit facility; or the occurrence of a default or breach of representation under the Forbearance Agreement (see "*Going Concern Assumption*").

The Forbearance Agreement provided a definitive timeline within which the Corporation was required to complete a strategic review process for DELP, the purpose of which was to identify, examine and consider a range of strategic alternatives available to the Corporation with respect to enhancing the value of its investment in DELP. Under the terms of the Forbearance Agreement, DELP had committed to enter into a binding agreement under an arrangement, which binding agreement was to be satisfactory to its lender, by April 7, 2017.

The lender did not provide its consent to any of the proposals made by the Corporation, and the Forbearance Agreement expired on May 15, 2017, without resolution. On July 21, 2017, the Corporation received notice from its lender, demanding repayment of amounts borrowed pursuant to the credit facility by July 31, 2017. While the Corporation was unable to meet the demand made by its lender, the lender has not immediately moved to enforce its rights and remedies under the terms of the credit facility, and it remains in cooperative discussion with the Corporation as to options. It is anticipated that the Corporation will continue as a going concern while a process is conducted, under the direction of the Corporation's lender, to maximize the value of the business of DELP.

The Corporation has assigned a limited recourse guarantee of its units in DELP as security pursuant to the credit facility.

Spain

Pursuant to the terms of a shareholders' agreement amongst the shareholders of Escal, ACS was responsible for providing equity and arranging project financing for the Castor Project, including providing all guarantees that may have been required, from the day it became a majority shareholder in Escal, through development and construction and inclusion of the underground storage facility into the Spanish gas system. Other than the pledging of its shares in Escal as security under lending arrangements previously provided to Escal, the Corporation and its subsidiaries were not required to provide any additional equity or debt funds.

Notwithstanding any form by which ACS may have previously funded Escal, the Corporation retains full entitlement to its existing proportionate interest in Escal and in any distribution made by Escal. However, in accordance with the terms of the Royal Decree-Law issued by the Spanish authorities in October 2014, Escal and its shareholders became jointly and severally liable for any possible flaws or defects in the facilities associated with the Castor Project that become apparent during the 10 years following the issuance of the Royal Decree-Law.

Cash Resources Availability

At June 30, 2017, the Corporation had cash of $1.7 million on deposit with a Canadian Schedule I Chartered Bank and its subsidiary had drawn $56.1 million against its current demand credit facility.

The Corporation's access to cash and to its existing credit facility are sufficient to meet the Corporation's immediate obligations, unless the lender to the Corporation exercises its rights to demand. However, even if such demand is not issued, the Corporation's current cash availability will not be sufficient for the Corporation to sustain its current operations. There can be no assurance that the Corporation will be able to meet the requirements of its lenders, or that the Corporation will have access to alternative capital, either on terms acceptable to the Corporation or at all.

Outstanding Share Data and Dilutive Securities

On April 1, 2017, the Corporation cancelled 185,158 common shares pursuant to a sunset clause provision related to a 2004 corporate reorganization. At June 30, 2017 and August 1, 2017, the Corporation had 188,083,836 common shares outstanding. In addition, at June 30, 2017, the Corporation had granted 1,480,000 stock options to purchase common shares of the Corporation to directors and key management at a weighted average exercise price of $0.47 per share, and it had issued 1,203,507 deferred share units. The terms of the Corporation's stock options and deferred share units are described in Note 13 to the 2016 Consolidated Financial Statements.

OFF BALANCE SHEET ARRANGEMENTS, COMMITMENTS AND CONTINGENCIES

Other than as may be disclosed elsewhere in this MD&A, there have been no significant changes in the nature of off balance sheet arrangements, commitments and contingencies from those described in Note 19 to the 2016 Consolidated Financial Statements and as described under *"Off Balance Sheet Arrangements"* and "*Commitments and Contingencies*" in the Corporation's MD&A as at and for the year ended December 31, 2016.

RELATED PARTY TRANSACTIONS

Other than as described in Note 16 to the June 2017 Interim Consolidated Financial Statements, there are no significant changes in the nature and scope of related party transactions to those described in Note 18 to the 2016 Consolidated Financial Statements and the accompanying MD&A.

BUSINESS RISKS

There are a number of inherent risks associated with the Corporation's activities. These risks are described in the Corporation's Annual Information Form dated February 16, 2017, under *"Risk Factors"*, which may be accessed through the System for Electronic Document Analysis and Retrieval ("SEDAR") website at *www.sedar.com*. At June 30, 2017, the Corporation had not identified any material changes to the risk factors affecting its business, and its approach to managing those risks, from those discussed in the document referred to above. These business risks should be considered by interested parties when evaluating the Corporation's performance and outlook.

ACCOUNTING POLICIES, CRITICAL JUDGMENTS AND ESTIMATES

The preparation of the Corporation's consolidated financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and other items in net earnings or loss, and the related disclosure of contingent assets and liabilities, if any. Critical judgments and estimates represent estimates made by management that are, by their very nature, uncertain. The Corporation evaluates its estimates on an ongoing basis. Such estimates are based on historical experience and on various other assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying values of assets and liabilities and the reported amounts of revenues and other items in net earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. Summaries of the significant accounting policies applied, and significant judgments, estimates and assumptions made by management in the preparation of its financial statements are provided in Notes 3 and 4 to the 2016 Consolidated Financial Statements.

There have been no significant changes to the Corporation's significant accounting policies or to the judgments, estimates and assumptions made by the Corporation in the preparation of the June 2017 Interim Consolidated Financial Statements from those significant accounting policies and judgments, estimates and assumptions made by the Corporation in the preparation of its 2016 Consolidated Financial Statements.

CONTROLS AND PROCEDURES

In accordance with the Canadian Securities Administrators' National Instrument 52-109, the Corporation has filed certificates signed by its Chief Executive Officer and the Chief Financial Officer certifying that, among other things, the design of disclosure controls and procedures and the design of internal control over financial reporting are adequate as at June 30, 2017.

Disclosure controls and procedures are designed to ensure that information required to be disclosed by the Corporation in the reports it files or submits under securities legislation is recorded, processed, summarized and reported on a timely basis and that such information is accumulated and reported to management, including the Corporation's Chief Executive Officer and the Chief Financial Officer, as appropriate, to allow required disclosures to be made in a timely fashion. Based on their evaluation, the Chief Executive Officer and the Chief Financial Officer concluded that, as at June 30, 2017, the Corporation's disclosure controls and procedures were effective.

The Chief Executive Officer and the Chief Financial Officer of the Corporation have also evaluated whether there were changes to the Corporation's internal control over financial reporting during the six months ended June 30, 2017 that have materially affected, or are reasonably likely to materially affect the Corporation's internal control over financial reporting. There were no changes identified during their evaluation.

FORWARD-LOOKING STATEMENTS

This MD&A contains forward-looking statements that reflect management's expectations regarding the Corporation's future growth, results of operations, performance, business prospects and opportunities. Forward-looking statements include future-oriented financial information, within the meaning of the "safe harbour" provisions of the *U.S. Private Securities Litigation Reform Act of 1995* and the securities legislation of certain of the provinces of Canada, including the *Securities Act* (Ontario).

Certain information set forth in this MD&A, including management's assessment of the Corporation's future plans and operations, contains forward-looking statements. Forward-looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions and may include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions. In particular, forward-looking statements contained in this document include, but are not limited to, statements with respect to: expectations regarding the Corporation's ability to raise capital; volatility of commodity prices; effectiveness of hedging strategies; exploration, development and production; quantity of oil and natural gas reserve and recovery estimates; pending legal actions; treatment under government regulatory regimes and tax laws; financial and business prospects and financial outlook; performance characteristics of the Corporation's oil and natural gas properties; the Corporation's capital expenditure programs; supply and demand for oil and natural gas; drilling plans and strategy; availability of rigs, equipment and other goods and services; continually adding to reserves through acquisitions, exploration and development; anticipated work programs and land tenure; the granting of formal permits, licenses or authorities to prospect; the timing of acquisitions; and the realization of the anticipated benefits of the Corporation's acquisitions and dispositions. In addition, statements relating to "resources" or "reserves" are, by their nature, forward-looking statements, as they involve the implied assessment, based on certain estimates and assumptions, that the resources and reserves described can be profitably produced in the future.

By their nature, forward-looking statements are subject to numerous risks and uncertainties, some of which are beyond the Corporation's control, including the Corporation's ability to continue as a going concern; exploration, development and production; pending legal actions; financial and business prospects and financial outlook; performance characteristics of the Corporation's oil and natural gas properties; the Corporation's capital expenditure programs and other risk factors discussed or referred to in the section entitled *"Risk Factors"* in the Corporation's Annual Information Form and other documents filed from time to time with the securities administrators, all of which may be accessed at www.sedar.com. These statements are only predictions, not guarantees, and actual events or results may differ materially. Readers are cautioned that the assumptions used in the preparation of such information, although considered reasonable at the time of preparation, may prove to be imprecise and, as such, undue reliance should not be placed on forward-looking statements.

Forward-looking statements and other information contained herein concerning the oil and gas industry and the Corporation's general expectations concerning this industry are based on estimates prepared by management using data from publicly available industry sources as well as from reserve reports, market research and industry analysis and on assumptions based on data and knowledge of this industry which the Corporation believes to be reasonable. However, this data is inherently imprecise, although generally indicative of relative market positions, market share and performance characteristics. While the Corporation is not aware of any misstatements regarding any industry data presented herein, the industry involves risks and uncertainties and is subject to change based on various factors.

In addition, a number of assumptions were made by the Corporation in connection with certain forward-looking information and forward-looking statements for 2017 and beyond. These assumptions include: the ability of the Corporation to obtain financing on acceptable terms; the impact of increasing competition; the general stability of the economic and political environment in which the Corporation operates; the timely receipt of any required regulatory approvals; the ability of the Corporation to obtain qualified staff, equipment and services in a timely and cost efficient manner; drilling results; the ability of the operator of the projects in which the Corporation has an interest to operate such projects in a safe, efficient and effective manner; field production rates and decline rates; the ability to replace and expand oil and natural gas reserves through acquisition, development and/or exploration; the timing and costs of pipeline, storage and facility construction and expansion and the ability of the Corporation to secure adequate product transportation; future oil and natural gas prices; currency, exchange and interest rates; the regulatory framework regarding royalties, taxes and environmental matters in the jurisdictions in which the Corporation operates;

the ability of the Corporation to successfully market its oil and natural gas products; estimates on global industrial production in key geographic markets; global oil and natural gas demand and supply; that the Corporation will not have any labour, equipment or other disruptions at any of its operations of any significance in 2017 other than any planned maintenance or similar shutdowns and that any third parties on which the Corporation is relying will not experience any unplanned disruptions; that the reports it relies on for certain of its estimates are accurate; and that the above mentioned risks and the risk factors described in the Corporation's Annual Information Form do not materialize.

The Corporation's actual results, performance or achievements could differ materially from those expressed in, or implied by, these forward-looking statements and accordingly, no assurance can be given that any of the events anticipated by the forward-looking statements will transpire or occur, or if any of them do so, what resulting benefits the Corporation will derive. The forward-looking statements, including future-oriented financial information, contained herein are presented solely for the purpose of conveying management's reasonable belief of the direction of the Corporation and may not be appropriate for other purposes. The Corporation disclaims any intention or obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required by law.

INFORMATION CONCERNING DUNDEE ENERGY LIMITED

Additional information relating to Dundee Energy Limited, including a copy of the Corporation's Annual Information Form, may be accessed through the SEDAR website at *www.sedar.com* and the Corporation's website at *www.dundee-energy.com*.

Toronto, Ontario
August 1, 2017