



**DUNDEE**  
**CORPORATION**

DUNDEE CORPORATION

2018 SECOND QUARTER REPORT

# DUNDEE CORPORATION

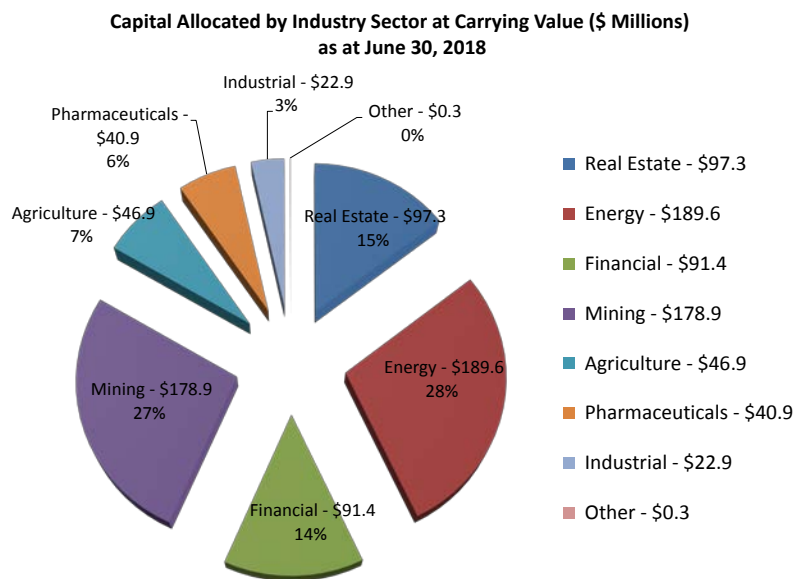
## Management’s Discussion and Analysis

**Dundee Corporation** (the “Corporation” or “Dundee Corporation”) is a public Canadian independent holding company, listed on the Toronto Stock Exchange (“TSX”) under the symbol “DC.A”. Through its operating subsidiaries, the Corporation is engaged in diverse business activities in the areas of investment advisory, corporate finance, energy, resources, agriculture, real estate and infrastructure. The Corporation also holds, directly and indirectly, a portfolio of investments mostly in these key areas, as well as other select investments in both publicly listed and private enterprises.

Dundee Corporation’s overriding strategic priority is to allocate and invest capital in a manner that consistently generates long-term value creation. Historically, Dundee Corporation has built a track record of success through the creation, advancement, development and active management of numerous mining companies. Through the creation of an in-house team of experts, the Corporation intends to leverage this track record and expand its capabilities to fund, finance and support companies in the mining industry.

This Management’s Discussion and Analysis (“MD&A”) has been prepared with an effective date of August 14, 2018 and provides an update on matters discussed in, and should be read in conjunction with the Corporation’s audited consolidated financial statements, including the notes thereto, as at and for the year ended December 31, 2017 (the “2017 Audited Consolidated Financial Statements”), together with the accompanying MD&A for the year then ended, and with the unaudited condensed interim consolidated financial statements of the Corporation as at and for the three and six months ended June 30, 2018 (the “June 2018 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 share or per unit amounts. This MD&A contains forward looking statements that are based on certain estimates and assumptions and involve risks and uncertainties. Actual results may vary materially from management’s expectations. See the “Cautionary Note Regarding Forward Looking Statements” section later in this MD&A for further information.

### DUNDEE CORPORATION’S CAPITAL ALLOCATED BY INDUSTRY SECTOR



## UNDERSTANDING THE ALLOCATION OF DUNDEE CORPORATION'S CAPITAL

	Carrying Value June 30, 2018	Carrying Value December 31, 2017
<b>1</b>	<p><b>Operating Subsidiaries</b> Operating subsidiaries are not recorded as individual investments in the Corporation's consolidated financial statements. Instead, the accounts of the operating subsidiary are consolidated with those of the Corporation on a line-by-line basis. For example, the revenue generated by an operating subsidiary is reported as revenue of the Corporation in the consolidated statement of operations.</p>	\$ 275,137
<b>2</b>	<p><b>Equity Accounted Investments</b> Investments that are accounted for using the equity method are separately disclosed in the Corporation's consolidated statement of financial position as "Equity accounted investments". These investments are initially recorded at the Corporation's cost of acquisition. Subsequently, the original cost is increased or decreased in proportion to the Corporation's share of earnings or losses generated by the investee.</p>	\$ 104,761
<b>3</b>	<p><b>Investments</b> All other investments are designated as "Investments" in the Corporation's consolidated statement of financial position. These investments may include investments in equity or debt securities of public or private companies in a variety of sectors. These investments are reported in the Corporation's consolidated financial statements at their estimated fair value.</p>	\$ 385,193
<b>4</b>	<p><b>Corporate Account Balances</b> Corporate account balances represent balances of the Corporation's capital that are not directly attributable to a particular investment. These balances include cash held by the Corporation directly, offset by the Corporation's direct obligations, including obligations in respect of its credit facilities and Preference Shares, series 5.</p>	\$ (28,531)
	<b>\$ 640,408</b>	<b>\$ 736,560</b>
	Less: Shareholders' equity attributable to holders of:	
	Preference Shares, series 2	(84,053)
	Preference Shares, series 3	(43,015)
	<b>\$ 513,340</b>	<b>\$ 609,492</b>
	Number of Class A Subordinate Shares and Class B Shares of the Corporation outstanding	
	Class A Subordinate Shares	55,907,595
	Class B Shares	3,114,804
	<u>59,022,399</u>	<u>58,816,407</u>
	<b>\$ 8.70</b>	<b>\$ 10.36</b>

\* Before accounting for deferred income tax assets and liabilities in respect of the Corporation's investments in operating subsidiaries, which are not recognized in the Corporation's consolidated financial statements as per International Accounting Standard 12.

## PERFORMANCE MEASURES

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

- **“AUM” or “Assets under Management”** represent the period-end value of client assets managed by the Corporation’s wealth management and asset management subsidiaries on a discretionary basis and in respect of which these subsidiaries earn management fee revenue and, in certain cases, performance fee revenue. AUM are not included in the Corporation’s consolidated statements of financial position.
- **“Barrel of Oil Equivalent”** or “boe” is calculated at a barrel of oil conversion ratio of six thousand cubic feet (“Mcf”) of natural gas to one barrel (“bbl”) of oil (6 Mcf to 1 bbl), based on an energy equivalency conversion method which is primarily applicable at the burner tip and does not always represent a value equivalency at the wellhead.
- **“Contingent Resources”** are those quantities of oil estimated, as of a given date, to be potentially recoverable from known accumulations using established technology or technology under development, but which are not currently considered to be commercially recoverable due to one or more contingencies. Contingencies may include factors such as economic, legal, environmental, political and regulatory matters, or a lack of markets. It is also appropriate to classify as contingent resources the estimated discovered recoverable quantities associated with a project in the early evaluation stage. Contingent resources are further classified in accordance with the level of certainty associated with the estimates and may be sub-classified based on project maturity and/or characterized by their economic status.
- **“Contribution Margin” or “Margin”** is an important measure of earnings in certain business segments and generally represents core revenues less cost of sales. Margin generally excludes general and administrative expenses, interest expense, and income taxes and may also exclude depreciation and depletion of assets not directly associated with the activities of producing or extracting product for sale.
- **“Earnings Before Interest, Taxes, Depreciation and Amortization” or “EBITDA”** is a measure of a company’s operating performance and can be used to analyze and compare profitability between companies and industries because it eliminates the effects of financing and accounting decisions.
- **“FVTPL”** means fair value through profit or loss. Certain of the Corporation’s investments in equity and debt securities have been designated as investments at FVTPL. Changes in the fair value of investments designated as investments at FVTPL are reported in net earnings or loss.
- **“Fair Value” or “Market Value”** of an investment is generally determined using quoted market prices on prescribed stock exchanges for investments that are publicly traded. Market value or fair value of an investment that is privately held is determined by reference to valuation methodologies appropriate for the investment.
- **“Field Level Cash Flows”** are calculated as revenue from oil and natural gas sales, less royalties and cost of sales. Field level cash flows contribute to working capital, including debt management, as well as to the funding of capital expenditure requirements for the Corporation’s resource-based business activities.
- **“Field Netbacks”** refer to field level cash flows expressed on a measurement unit or barrel of oil equivalent basis.
- **“Per Day Amount” or (“/d”)** is used throughout this MD&A to reflect oil and gas production volumes on an average per day basis.

- **“Prospective Resources”** are defined as those quantities of oil estimated, as of a given date, to be potentially recoverable from undiscovered accumulations by application of future development projects. Prospective resources have both an associated chance of discovery and a chance of development. Prospective resources are further subdivided in accordance with the level of certainty associated with recoverable estimates assuming their discovery and development and may be sub-classified based on project maturity.
- **“Shareholders’ Equity on a Per Share Basis”** is calculated by dividing the carrying value of the Corporation’s shareholders’ equity in accordance with IFRS by the aggregate number of Subordinate Shares and Class B Shares of the Corporation issued and outstanding as at the date of such calculation.

## RESULTS OF OPERATIONS

Six months ended June 30, 2018 compared with six months ended June 30, 2017

### Consolidated Net Earnings

During the first half of 2018, the Corporation incurred a net loss attributable to owners of the Corporation of \$101.7 million, or a loss of \$1.79 per share. This compares with net earnings attributable to owners of the Corporation of \$5.0 million in the same period of 2017, representing earnings of \$0.03 per share, before the effect of any dilutive securities. The following table summarizes the Corporation’s net operating earnings or loss on a per segment basis.

<i>For the six months ended June 30,</i>	2018	2017
Net (loss) earnings before income taxes from continuing operations		
Goodman & Company, Investment Counsel Inc.	\$ (3,812)	\$ (2,455)
Dundee Securities Ltd.	(2,561)	(430)
Dundee Energy Limited	619	(382)
United Hydrocarbon International Corp.	6,719	(6,690)
Dundee Sustainable Technologies Inc.	(1,530)	(1,767)
Eurogas International Inc.	(329)	(337)
Blue Goose Capital Corp.	(14,454)	(3,957)
AgriMarine Holdings Inc.	(1,738)	(2,698)
Dundee 360 Real Estate Corporation	(1,704)	186
	(18,790)	(18,530)
Adjusted for the corporate and other portfolio holdings segment:		
Changes in the market value of investments	(23,910)	32,580
Share of loss from equity accounted investments	(48,734)	(1,907)
Other items in the corporate and other portfolio holdings segment	(11,606)	(7,027)
Income tax recovery (expense)	2,454	(6,277)
Net loss from continuing operations	(100,586)	(1,161)
Net (loss) earnings from discontinued operations		
Dundee Energy Limited Partnership	(3,499)	(315)
Blue Goose Pure Foods Ltd.	-	4,289
Net (loss) earnings from discontinued operations	(3,499)	3,974
<b>Net (loss) earnings for the period</b>	<b>\$ (104,085)</b>	<b>\$ 2,813</b>
Net (loss) earnings attributable to owners of the parent:		
Continuing operations	\$ (99,691)	\$ 1,335
Discontinued operations	(2,028)	3,679
	<b>\$ (101,719)</b>	<b>\$ 5,014</b>

#### *Continuing Operations*

During the six months ended June 30, 2018, the Corporation incurred a net loss from continuing operations attributable to owners of the Corporation of \$99.7 million, or a loss of \$1.75 per share. This compares with net earnings from continuing operations attributable to owners of the Corporation of \$1.3 million in the same period of 2017, representing loss of \$0.03 per share.

Operating results during the first half of 2018 reflect \$24.9 million of market depreciation in certain of the Corporation's investments that are carried in the consolidated financial statements at FVTPL. In comparison, during the first half of the prior year, these investments realized market appreciation of \$32.6 million. As changes in the fair value of investments carried at FVTPL, which are determined by trends and information in equity and capital markets, are recorded in the Corporation's net earnings or loss, they can cause substantial volatility in operating performance. The Corporation cautions that the equity and credit markets do not always necessarily reflect the underlying value of certain assets.

A number of the Corporation's investments are accounted for using the equity method of accounting, which requires that the Corporation increase or decrease the carrying value of its investment by its proportionate share of the net earnings or loss of the underlying investee. This method of accounting further subjects the Corporation to significant volatility in its operating performance as the underlying net earnings or loss of the equity accounted investee may be subject to market forces or other events over which the Corporation does not exert control. During the first six months of 2018, the Corporation's corporate and other portfolio holding segment recognized a loss from its equity accounted investments of \$48.7 million including \$52.6 million loss from Paragon Holdings (see "*Significant Developments in Equity Accounted Investments – Paragon Holdings (Smithe Street ULC)*"), compared with a loss of \$1.9 million in the same period of the prior year.

Highlights of other period-over-period comparable results of the Corporation's operating subsidiaries are described below and are further discussed under "*Segmented Results of Operations*".

- As a result of transfer out of \$134.0 million AUM to an external manager in May 2018, Goodman & Company, Investment Counsel Inc. ("GCIC") reported its AUM of \$66.9 million at June 30, 2018, compared with \$194.1 million at December 31, 2017. Early in 2018, it successfully launched *CMP 2018 Resource Limited Partnership*, a tax-sheltered limited partnership that raised capital of \$30.6 million. Pre-tax operating losses in this segment, exclusive of a \$1.0 million loss related to the writedown of a loan receivable and the one-time general and administrative expense related to the transfer out of the private client business of \$1.6 million, decreased to \$1.2 million during the first half of 2018, compared with a loss of \$2.5 million in the same period of the prior year, reflecting, in part, cost rationalization as the business strategy of this entity is further streamlined.
- Dundee Securities Ltd. ("Dundee Securities") has initiated the process of realigning its business strategy to accommodate the Corporation's ongoing strategy. In early April 2018, Dundee Securities opened a Vancouver office to accommodate four seasoned investment banking professionals with significant expertise in the resource sector and completed the sale of its 80% stake in Dundee Securities Europe Limited. During the six months ended June 30, 2018, Dundee Securities incurred an operating loss of \$2.6 million from its residual retail business and from its proprietary trading portfolio, compared with an operating loss of \$0.4 million in the first half of the prior year. Operating loss in the first half of 2017 included certain residual amounts related to the disposition of certain assets in 2016.
- During the first half of 2018, Dundee Energy Limited ("Dundee Energy") continued to work with the lender to its wholly-owned subsidiary, Dundee Energy Limited Partnership ("DELP"), under the terms of a court-supervised sale solicitation process pursuant to the *Companies' Creditors Arrangement Act*. On April 20, 2018, Dundee Energy announced that a purchaser for substantially all of the assets of DELP had been identified. On June 12, 2018, the transaction was ratified and approved by the Ontario Superior Court of Justice. Dundee Energy anticipates that the transaction will be completed during the third quarter of 2018. Dundee Energy reported a pre-tax loss of \$2.9 million in the first half of 2018, including a loss of \$3.5 million relating to the operations of DELP, which have been classified in the June 2018 Interim Consolidated Financial Statements as "*Discontinued Operations*".
- On September 22, 2017, the Corporation's 83% owned subsidiary, United Hydrocarbon International Corp. ("UHIC"), completed a transaction whereby it sold its interest in United Hydrocarbon Chad Ltd. ("UHCL") to Delonex Energy Limited ("Delonex"), a Sub-Saharan oil and gas company focused on exploration, development and production. In consideration, UHIC received an ongoing royalty interest in the underlying exploration properties. Furthermore, UHIC will be entitled to certain contingent bonus payments upon Delonex achieving first oil on these properties. During the first half of 2018, UHIC reported net earnings before taxes of \$6.7 million, essentially all of which relates to mark-to-market gains realized from

changes in the market values of the royalty interest and the bonus contingency since December 31, 2017, including fair value changes stemming from changes in foreign exchange rates.

- Dundee Sustainable Technologies Inc. (“Dundee Technologies”) incurred a pre-tax operating loss of \$1.5 million during the first half of 2018, compared with a pre-tax operating loss of \$1.8 million incurred in the first half of 2017. Dundee Technologies continues to expand the provision of technical services in the mining industry to evaluate processing alternatives using its state of the art metallurgy plant and skilled technical team.
- During the first half of 2018, Blue Goose Capital Corp. (“Blue Goose”) incurred a net pre-tax operating loss of \$14.5 million from continuing operations, compared with a net pre-tax operating loss from continuing operations of \$4.0 million in the same period of 2017. Blue Goose’s operating performance is partially driven by changes in the fair value of its livestock, which is subject to volatility from period-over-period changes in the physical growth of its biomass, as well as changes in market prices for the commodity.

Results in the first half of the prior year include the operations of Blue Goose Pure Foods Ltd. (“BGPF”), the subsidiary through which Blue Goose had acquired the business of Tender Choice Foods Inc. (“Tender Choice”). An interim receiver was appointed in respect of these assets in December 2017. Accordingly, the operating results of BGPF have been classified as “Discontinued Operations”.

- AgriMarine Holdings Inc. (“AgriMarine”) continues to rationalize its cost structure with the goal of achieving profitability for its fish farming operation and sourcing third-party revenue for its technology division, while it continues to validate the scientific and commercial viability of its closed-containment tank technology. During the first half of 2018, AgriMarine reported pre-tax operating losses of \$1.7 million, compared with pre-tax operating losses of \$2.7 million incurred in the first half of the prior year.
- During the first half of 2018, Dundee 360 Real Estate Corporation (“Dundee 360”) incurred a pre-tax loss of \$1.7 million compared with earnings of \$0.2 million in the first half of 2017. Operating performance in the first half of the prior year benefited from the recognition of certain project-driven revenues. Dundee 360 is focused on monetizing various international real estate development interests, continuing agent growth and market expansion initiatives in its real estate brokerage division, sourcing new project management opportunities and creating potential financing vehicles to allow it to continue growing its business.

## OPERATING SUBSIDIARIES AS AT JUNE 30, 2018

		(000's)				Non-Controlling Interests	Carrying Value as at June 30, 2018
	Ticker Symbol	# of Shares Held	Market Price/Share	Percentage Ownership	Net Assets (note 1)	Interests (note 2)	
<b>Subsidiaries That Are Not Publicly Listed</b>							
				83%	\$ 212,452	\$ (37,071)	\$ 175,381
				90%	31,797	(408)	31,389
				100%	24,481	-	24,481
				100%	25,217	(398)	24,819
				100%	14,842	-	14,842
				100%	4,450	-	4,450
				58%	(2,733)	3,251	518
				58%	(6,992)	2,940	(4,052)
<b>Subsidiaries That Are Publicly Listed</b>							
	DST	228,068.5	\$0.06	63%	2,315	5,251	7,566
	EI	16,646.8	\$0.00	54%	(504)	2,735	2,231
<b>TOTAL – OPERATING SUBSIDIARIES</b>							<b>\$ 281,625</b>

1. See note 28 “Segmented Information” to the June 2018 Interim Consolidated Financial Statements for a more detailed analysis of the carrying value of individual assets and liabilities attributed to each operating subsidiary.

2. See note 17 “Non-Controlling Interest” to the June 2018 Interim Consolidated Financial Statements for information regarding the carrying value of non-controlling interest in each subsidiary.

## Segmented Results of Operations

The following discussion provides a more comprehensive analysis of the performance results of each of the Corporation's operating subsidiaries, and their impact to the consolidated operating results of the Corporation. The following information is presented in a manner that corresponds to the Corporation's reportable business segments as presented in note 28 to the June 2018 Interim Consolidated Financial Statements.

### GOODMAN & COMPANY, INVESTMENT COUNSEL INC.

GCIC is a registered portfolio manager and exempt market dealer across Canada, and an investment fund manager in the provinces of Ontario, Quebec and Newfoundland. GCIC is a wholly-owned subsidiary of Dundee Global Investment Management Inc. ("DGIM") which, in turn, is a wholly-owned subsidiary of Dundee Corporation. Information about GCIC may be accessed at [www.goodmanandcompany.com](http://www.goodmanandcompany.com).

#### Assets Under Management at June 30, 2018

	Three Months	Six Months
<i>For the period ended June 30, 2018</i>		
AUM at beginning of the period	\$ 210,822	\$ 194,131
<b>Transactions during the period ended June 30, 2018</b>		
Additions	2,480	39,446
Redemptions	(6,995)	(20,606)
Termination	-	(5,640)
Transfer out to an external manager	(133,971)	(133,971)
Change in market values	(7,174)	(10,315)
Change in private client assets	1,783	3,900
Net change in managed assets	(143,877)	(127,186)
<b>AUM at end of the period</b>	<b>\$ 66,945</b>	<b>\$ 66,945</b>
<b>AUM Breakdown</b>		
Tax-sheltered investment products	\$	42,897
Mutual funds		19,065
Alternative investment product		4,983
	<b>\$</b>	<b>66,945</b>

On May 31, 2018, in connection with Dundee Corporation's revised business strategy, GCIC transferred out its private client business along with an alternative investment product, *Goodman & Co. Core Equity Strategy*, to an unaffiliated entity, Ravenstone Capital Management Inc. The transfer out resulted in a decrease to reported AUM of \$134.0 million.

Additions during the first six months of 2018 were \$39.4 million, of which \$30.6 million was the result of the successful launch of GCIC's most recent tax sheltered limited partnership, *CMP 2018 Resource Limited Partnership*. Subscriptions into *Goodman & Co. Core Equity Strategy* accounted for the remaining \$8.8 million of additions during the period.

Redemptions during the first half of 2018 were \$20.6 million, the majority of which relate to redemptions in *Dundee Global Resource Class*, a mutual fund, following the rollover of the assets of the Corporation's 2016 tax-sheltered investment vehicle, *CMP 2016 Resource Limited Partnership*. At the sole discretion of investors, certain redemptions from *Dundee Global Resource Class* were undertaken in order to generate proceeds for reinvestment into *CMP 2018 Resource Limited Partnership*.

Metals and mining stocks were weaker during the first six months of 2018. Further contributing to market value declines were the premiums paid to acquire flow-through shares of resource stocks held by *CMP 2018 Resource Limited Partnership*. As a result, market depreciation during the six months ended June 30, 2018, was \$10.3 million.



In aggregate, AUM decreased by a net amount of \$127.2 million in the first six months of 2018 to \$66.9 million, compared with AUM of \$194.1 million at December 31, 2017.

### RESULTS OF OPERATIONS

As illustrated in the following table, GCIC incurred a net loss before income taxes attributable to owners of Dundee Corporation of \$3.8 million for the six months ended June 30, 2018, compared with a pre-tax loss of \$2.5 million incurred in the same period of the prior year.

<i>For the six months ended June 30,</i>	2018	2017
Revenues		
Management and performance fees	\$ 1,045	\$ 1,127
Financial services	49	2
Interest, dividends and other	17	178
	1,111	1,307
Other items in net loss before tax		
General and administrative	(3,913)	(3,808)
Depreciation	(5)	(4)
Net (loss) gain from investments	(1,000)	54
Interest expense	(5)	(4)
Net loss before taxes, Goodman & Company, Investment Counsel Inc.	<b>\$ (3,812)</b>	<b>\$ (2,455)</b>
<b>Net loss before taxes, Goodman &amp; Company, Investment Counsel Inc., attributable to:</b>		
Owners of Dundee Corporation	\$ (3,812)	\$ (2,455)
Non-controlling interest	-	-
Net loss before taxes, Goodman & Company, Investment Counsel Inc.	<b>\$ (3,812)</b>	<b>\$ (2,455)</b>

Management fee revenues were \$1.0 million in the first half of 2018, a slight decline compared to revenues of \$1.1 million earned in the same period of the prior year. GCIC's management fee revenue is calculated and paid monthly, based on the fair value of AUM as determined on the last business day of each month. The average AUM for the six months ended June 30, 2018 was \$187.8 million, compared with average AUM of \$198.5 million during the same period of the prior year. Management fee revenues were impacted by the management fee rate charged on AUM. During the first six months of 2018, the average management fee rate on AUM was 1.11%, compared with an average management fee rate of 1.14% earned in the same period of the prior year. The change in the average management fee rate reflects the mix of assets managed, with private client assets generally earning a lower management fee rate than tax-sheltered investment products, mutual funds and closed-end investment products.

In addition to management fee revenues, GCIC may also earn performance fee revenue. Performance fees are contingent on the market values of the underlying portfolio at a specified point in time, generally at calendar year end, or upon the conclusion of a limited partnership arrangement. The Corporation may experience fluctuations in period-over-period revenues as performance fees are only recorded in earnings where amounts are determined with certainty. No performance fees were earned in the first six months of 2018 or the first six months of 2017.

General and administrative expenses, exclusive of a one-time expense of \$1.6 million related to transfer out of the private client business, were \$2.3 million during the six months ended June 30, 2018, compared with \$3.8 million in the same period of the prior year and reflect, in part, cost rationalization as GCIC further streamlines its business strategy.

### DUNDEE SECURITIES LTD.

Dundee Securities, a wholly-owned subsidiary of Dundee Corporation, is registered as an investment dealer in each of the jurisdictions of Canada and as a derivatives dealer in Quebec and as such, it is subject to the oversight of the provincial securities commissions and the Investment Industry Regulatory Organization of Canada ("IIROC"). Information about the operations of Dundee Securities, and of its various business divisions, may be accessed at either [www.dundeedgoodman.com](http://www.dundeedgoodman.com) or [www.dundeesecurities.com](http://www.dundeesecurities.com).

### Recent Developments

Dundee Securities' current business strategies include a small retail division comprised of two key advisors and their support staff and a portfolio of marketable securities that is actively traded.

Dundee Securities' platform provided an opportunity to create an industry focused, capital markets group that will provide advisory and investment banking opportunities to its clients, primarily in the resource sector. In the second quarter of 2018, Dundee Securities opened a Vancouver office to accommodate four seasoned investment banking professionals with significant expertise in the resource sector. These additions are expected to provide aligned strategies and opportunities with Dundee Corporation as it redirects its business strategy.

On April 1, 2018, Dundee Securities completed the sale of 80% of the business of Dundee Securities Europe Limited to certain of its key management. Formerly consolidated as a wholly-owned subsidiary, Dundee Securities Europe Limited will be treated as an equity accounted investment on an ongoing basis (see "Significant Developments in Equity Accounted Investments – Dundee Securities Europe Limited"). The carrying value of the net assets sold is illustrated in the following table.

<i>As at</i>	April 1, 2018	
<b>Carrying value of net assets sold:</b>		
Cash	\$	972
Accounts receivable		410
Accounts payable		(579)
	\$	<b>803</b>

### RESULTS OF OPERATIONS

During the six months ended June 30, 2018, Dundee Securities incurred a net loss before taxes of \$2.6 million, compared with a net loss before taxes of \$0.4 million incurred in the same period of the prior year. Included in the loss for the first half of 2018 is a loss of \$0.7 million (six months ended June 30, 2017 – \$0.7 million) related to the operations of Dundee Securities Europe Limited prior to the sale.

<i>For the six months ended June 30,</i>	2018	2017
Revenues		
Financial services		
Investment banking	\$ 320	\$ 6,287
Commissions	1,698	1,748
Principal trading	(680)	(1,966)
Interest, dividends and other	1,070	1,089
	2,408	7,158
Cost of sales		
Variable compensation	(1,189)	(1,293)
Other items in net loss		
Depreciation	(74)	(686)
General and administrative	(3,707)	(5,706)
Interest expense	(21)	(27)
Foreign exchange gain	22	124
Net loss attributable to Dundee Securities	\$ (2,561)	\$ (430)
<b>Net loss before taxes, Dundee Securities attributable to:</b>		
Owners of Dundee Corporation	\$ (2,561)	\$ (430)
Non-controlling interest	-	-
Net loss before taxes, Dundee Securities	\$ (2,561)	\$ (430)

### *Revenues*

During the first six months of 2018, Dundee Securities' revenues decreased to \$2.4 million, compared with revenues of \$7.2 million generated in the same period of the prior year. Revenues in the first six months of 2017 included residual new issue and advisory mandates of \$6.3 million that had been initiated prior to the sale of Dundee Securities' capital markets division during 2016.

As previously noted, Dundee Securities continues to operate a small business for a limited number of retail clients with a retail advisor team, and it continues to invest in a proprietary trading inventory. During the six months ended June 30, 2018, Dundee Securities generated commission revenues of \$1.7 million, and it incurred principal trading losses of \$0.7 million. In the first six months of the prior year, commission revenues were similar to the revenues earned in the same period of 2018, offset by principal trading losses of \$2.0 million.

### *Variable Compensation Expense*

Variable compensation expense incurred in the first six months of 2018 was \$1.2 million, compared with \$1.3 million incurred in the same period of the prior year. Variable compensation expense includes \$0.2 million (six months ended June 30, 2017 – \$0.6 million) related to the operations of Dundee Securities Europe Limited prior to the sale, for which there is no associated revenue.

### *General and Administrative Expenses*

General and administrative expenses incurred by Dundee Securities fell to \$3.7 million during the six months ended June 30, 2018, compared with \$5.7 million of general and administrative expenses incurred in the same period of the prior year. General and administrative expenses incurred in the first six months of 2017 included certain termination costs including severance as well as write-downs related to redundant leaseholds.

### *CHANGE IN FINANCIAL CONDITION*

As a regulated entity and member of IIROC, the ability of Dundee Securities to transfer cash resources may be limited by its requirement to comply with regulatory capital requirements.

## **DUNDEE ENERGY LIMITED**

Dundee Energy is a Canadian company focused on creating long-term value through the development and acquisition of high-impact energy projects. At June 30, 2018, and subject to certain lending arrangements as further described below, Dundee Energy held interests, both directly and indirectly, in a large accumulation of producing oil and natural gas assets in southern Ontario. On September 11, 2017, following a delisting review conducted by the TSX, the common shares of Dundee Energy were delisted from the TSX. Prior to September 11, 2017, Dundee Energy's common shares traded on the TSX under the symbol "DEN". Additional information about Dundee Energy may be accessed at [www.dundee-energy.com](http://www.dundee-energy.com).

### *Recent Developments Concerning Demand Revolving Credit Facility*

Dundee Energy's southern Ontario operations are conducted through DELP, a wholly-owned subsidiary. DELP had established a demand credit facility whereby the lender to DELP retained full right, at its sole discretion, to demand repayment of amounts borrowed, whether in whole or in part, at any time. The credit facility was subject to certain covenants, including maintenance of minimum levels of working capital. At March 31, 2018, DELP was in compliance with all required covenants. However, the volatile commodity price environment has, in the view of DELP's lender, eroded the value of DELP's assets in southern Ontario, and therefore also eroded the lender's underlying secured interest in such assets. In late 2016 and early 2017, the lender requested that DELP reduce its borrowing under the credit facility by early 2017. DELP was not able to meet those requirements and in January 2017, DELP and Dundee Energy entered into a forbearance agreement with the 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; or the occurrence of a default or breach of representation under the forbearance agreement. The forbearance agreement provided a definitive timeline within which DELP and Dundee Energy were 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 DELP. Under the terms of the forbearance agreement, DELP had committed to enter into a binding agreement under a strategic 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 DELP and Dundee Energy, and the forbearance agreement expired on May 15, 2017, without resolution.

On July 21, 2017, DELP and Dundee Energy received notice from DELP's lender, demanding repayment of amounts borrowed pursuant to the credit facility by July 31, 2017, which DELP and Dundee Energy were not able to meet. On August 16, 2017, DELP commenced insolvency proceedings by filing a Notice of Intention to Make a Proposal ("NOI") pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) in order for DELP, with the support of its lender, to run a court-supervised sale solicitation process ("SSP"), with the goal of identifying proposals to purchase some or all of the business, properties or assets of DELP. DELP has obtained an order from the Ontario Superior Court of Justice approving the terms of the SSP. In early 2018, the SSP was continued under the terms of the *Companies' Creditors Arrangement Act* in order to extend the timeline within which the SSP is to be completed. On April 20, 2018, Dundee Energy announced that a purchaser for substantially all of the assets of DELP had been identified. On June 12, 2018, the transaction was ratified and approved by the Ontario Superior Court of Justice. Dundee Energy anticipates that the sale transaction will be completed in the third quarter of 2018. As a result of these events, the assets and liabilities of DELP have been classified as assets and liabilities of discontinued operations held for sale in the consolidated financial statements as at June 30, 2018 and December 31, 2017.

Dundee Energy has assigned a limited recourse guarantee of its units in DELP as security pursuant to the credit facility. The lending arrangements provided to DELP are otherwise non-recourse to the Corporation.

The material uncertainty caused by the events described above casts significant doubt upon Dundee Energy's ability to continue as a going concern and the ultimate appropriateness of using accounting principles applicable to a going concern. If Dundee Energy is not able to continue as a going concern, it may be required to reassess the carrying value of its assets in light of circumstances that could result in the realization of Dundee Energy's assets and the discharge of its liabilities in other than the normal course of business and at amounts different from those reflected in the June 2018 Interim Consolidated Financial Statements. These differences could be material and could result in a material loss to the Corporation.

#### RESULTS OF OPERATIONS

During the six months ended June 30, 2018, Dundee Energy incurred a net loss before income taxes of \$2.9 million, including a loss from discontinued operations of \$3.5 million related to the southern Ontario assets. This compares with a net loss before income taxes of \$0.8 million in the same period of the prior year, including a loss from discontinued operations of \$0.4 million.

	Continuing Operations		Discontinued Operations		Total	
	2018	2017	2018	2017	2018	2017
<i>For the six months ended June 30,</i>						
Revenues						
Oil and gas sales	\$ -	\$ -	\$ 11,134	\$ 11,805	\$ 11,134	\$ 11,805
Interest and dividends	-	-	49	114	49	114
	-	-	11,183	11,919	11,183	11,919
Cost of sales						
Production expenditures	-	-	(5,526)	(5,345)	(5,526)	(5,345)
Other items in net loss before taxes						
Depreciation and depletion	-	(22)	(4,218)	(4,125)	(4,218)	(4,147)
General and administrative	665	(315)	(2,495)	(1,348)	(1,830)	(1,663)
Remeasurement of resource-based financial instruments	-	-	-	1,140	-	1,140
Interest expense	-	-	(2,704)	(2,552)	(2,704)	(2,552)
Foreign exchange gain (loss)	(46)	(45)	261	(112)	215	(157)
Net (loss) earnings before taxes, Dundee Energy Limited	\$ 619	\$ (382)	\$ (3,499)	\$ (423)	\$ (2,880)	\$ (805)
<b>Net (loss) earnings before taxes, Dundee Energy Limited attributable to:</b>						
Owners of Dundee Corporation	\$ 239	\$ (248)	\$ (2,028)	\$ (290)	\$ (1,789)	\$ (538)
Non-controlling interest	380	(134)	(1,471)	(133)	(1,091)	(267)
Net (loss) earnings before taxes, Dundee Energy Limited	\$ 619	\$ (382)	\$ (3,499)	\$ (423)	\$ (2,880)	\$ (805)

During the first half of 2018, Dundee Energy reversed a previously accrued legal expense of \$0.9 million. After adjusting for this amount, general and administrative expenses from continuing operations were \$0.2 million in the first half of 2018, a small decrease compared with general and administrative expenses of \$0.3 million in the same period of 2017.

### Operating Performance of DELP – Discontinued Operations

DELP's operating performance is dependent on 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, 2018, sales of oil and natural gas, net of royalty interests, were \$11.1 million, a decrease of \$0.7 million when compared with net sales of \$11.8 million earned during the same period of the prior year. Lower production volumes for underlying commodities decreased aggregate net sales by \$0.9 million, partially offset by higher realized prices for underlying commodities which increased net sales by \$0.2 million.

Daily production volumes during the first six months of 2018 decreased to an average of 2,032 boe/d, compared with an average of 2,171 boe/d produced in the same period of 2017. Reductions in production volumes reflect the expected natural depletion of DELP's resources. Due primarily to financial constraints, DELP has limited its capital works and development initiatives, which has temporarily curtailed the potential for further exploitation of its producing properties.

<i>Average daily volume during the six months ended June 30,</i>	2018	2017
Natural gas (Mcf/d)	9,746	10,274
Oil (bbls/d)	407	458
Liquids (bbls/d)	1	1
Total (boe/d)	2,032	2,171

During the six months ended June 30, 2018, DELP realized an average price on sales of natural gas of \$3.99/Mcf, approximately 13% lower than the realized average sales price of \$4.56/Mcf earned during the same period of the prior year. The decrease is consistent with a 13% decrease in the Canadian dollar-denominated price for natural gas at the Dawn Hub, although DELP's actual realized price continues to benefit from its proximity to these facilities. During the first six months of 2018, DELP realized an average price of \$82.11/bbl on sales of crude oil, a 26% increase from the average price of \$65.01/bbl realized during the same period of the prior year. In comparison, the price of Canadian light sweet crude oil increased by 19%, while the US dollar-denominated West Texas Intermediate price for this commodity increased by 31%.

Field level cash flows from natural gas operations, before the effect of derivative financial instruments, decreased to \$2.6 million or \$1.45/Mcf, compared with field level cash flows of \$3.9 million or \$2.07/Mcf in the same period of the prior year.

Field level cash flows from oil and liquids increased to \$3.0 million during the first six months of 2018, compared with field level cash flows of \$2.6 million in the same period of the prior year. On a per unit basis, field netbacks from oil and liquids production were \$41.09/bbl during the first six months of 2018, an increase from field netbacks from oil and liquids production of \$31.37/bbl during the same period of the prior year. These increases were primarily driven by improved prices for oil, offset by lower production volumes.

	2018			2017		
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids	Total
<i>For the six months ended June 30,</i>						
Total sales	\$ 7,042	\$ 6,064	\$ 13,106	\$ 8,481	\$ 5,394	\$ 13,875
Royalties	(1,052)	(920)	(1,972)	(1,262)	(808)	(2,070)
Production expenditures	(3,422)	(2,104)	(5,526)	(3,366)	(1,979)	(5,345)
	2,568	3,040	5,608	3,853	2,607	6,460
Realized loss on derivative financial instruments	-	-	-	(663)	-	(663)
<b>Field level cash flows</b>	<b>\$ 2,568</b>	<b>\$ 3,040</b>	<b>\$ 5,608</b>	<b>\$ 3,190</b>	<b>\$ 2,607</b>	<b>\$ 5,797</b>

	2018			2017		
	Natural Gas \$/Mcf	Oil and Liquids \$/bbl	Total \$/boe	Natural Gas \$/Mcf	Oil and Liquids \$/bbl	Total \$/boe
<i>For the six months ended June 30,</i>						
Total sales	\$ 3.99	\$ 81.97	\$ 35.61	\$ 4.56	\$ 64.91	\$ 35.30
Royalties	(0.60)	(12.44)	(5.36)	(0.68)	(9.72)	(5.27)
Production expenditures	(1.94)	(28.44)	(15.02)	(1.81)	(23.82)	(13.60)
	1.45	41.09	15.23	2.07	31.37	16.43
Realized loss on derivative financial instruments	-	-	-	(0.36)	-	(1.69)
<b>Field netbacks</b>	<b>\$ 1.45</b>	<b>\$ 41.09</b>	<b>\$ 15.23</b>	<b>\$ 1.71</b>	<b>\$ 31.37</b>	<b>\$ 14.74</b>

## CHANGES IN FINANCIAL CONDITION

### *Demand Revolving Credit Facility – DELP*

DELP's existing credit facility is subject to 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, 2018, DELP had drawn \$56.3 million against the credit facility.

### *Dundee Energy's Continuing Operations – Liquidity and Capital Resources*

Dundee Energy's current cash resources and access to capital are insufficient to meet its current obligations. Dundee Energy is considering its future business strategies and assessing the possibility of alternative financing options, including possible debt or equity issuances or the monetization of certain assets. There can be no assurance that Dundee Energy will have access to alternative financing arrangements.

## UNITED HYDROCARBON INTERNATIONAL CORP.

UHC is a privately-held Canadian junior exploration company that is focused on seeking opportunities internationally for the exploration, development and production of oil and natural gas. At June 30, 2018, the Corporation's carrying value of its 83% interest in UHC was \$175.4 million. Additional information regarding UHC may be accessed at [www.unitedhydrocarbon.com](http://www.unitedhydrocarbon.com).

### *Recent Developments*

Through UHCL, the company's wholly-owned Chadian subsidiary, UHC was historically engaged in exploring for oil and natural gas in the Republic of Chad under the terms of a May 2012 production sharing contract ("PSC"). The PSC provided UHCL with the exclusive right to explore and develop oil and gas reserves in four distinct blocks: the DOC Block and the DOD Block (together the "Doba Basin"); Block H; and the Largeau Block. The Largeau Block was subsequently relinquished under the relinquishment terms of the PSC in 2017.

On September 22, 2017, UHC sold its interest in UHCL to Delonex. Subject to certain amounts that were retained or otherwise held in escrow, UHC received cash of US\$35.0 million. UHC is also entitled to additional contingent consideration upon Delonex achieving commercial production, including a US\$20 million bonus for first oil at Doba Basin, and a further US\$30 million for first oil at Block H. As part of the transaction, Delonex committed to a US\$65 million comprehensive exploration program for the assets in Chad to be completed within a two-year period from closing of the transaction, and it committed to a further US\$35 million investment in the Doba Basin should commerciality be achieved during the remaining life of the PSC.

UHC retains a significant economic interest in the PSC through a 10% royalty on all of UHCL's cash flows generated from Doba production, and a 5% royalty on all of UHCL's cash flows generated from Block H production, payable as long as the average price of Brent crude oil is greater than US\$45.00/bbl in any calendar quarter. Pursuant to the terms of the PSC, UHCL's cash flows are determined in the following manner:

- The Republic of Chad will be entitled to a 14.25% royalty on oil produced;
- Remaining production revenue after payment of the 14.25% royalty ("Net Production Revenue") will be allocated as follows:
  - Cost Oil recovery, which is capped at 70% of monthly Net Production Revenue to a maximum of the Recoverable Cost Amount.
  - Profit Oil, which represents Net Production Revenue less the Cost Oil allocation.
  - Profit Oil will be shared with the Republic of Chad, with UHCL's share of Profit Oil consisting of:
    - 60% of Profit Oil for an "R Factor" of up to 2.25;
    - 50% of Profit Oil for an "R Factor" of between 2.25 and 3.00; and
    - 40% of Profit Oil for an "R Factor" of greater than 3.00.

The “R Factor” will be determined each quarter and is equal to the ratio of (i) the cumulative value of UHCL’s share of production from both Cost Oil and Profit Oil less cumulative production costs; to (ii) the cumulative exploration and development costs incurred by UHCL.

In accordance with IFRS, the Corporation was required to determine the fair value of other consideration received, including the contingent payment of up to US\$50.0 million, and the potential royalty interest that would result upon achievement of first production.

In determining the fair value of the US\$50.0 million contingent consideration, UHIC applied an 85% probability in reaching successful first oil before December 31, 2019 at the Doba Basin, and a 65% probability in reaching first oil at Block H before December 31, 2021, appropriately discounted using a risk-adjusted rate of 13.0%. At December 31, 2017, the contingent consideration was valued at US\$25.3 million (Cdn\$31.7 million). At June 30, 2018, the fair value of the contingent consideration was increased to US\$26.9 million to reflect the passage of time, and to Cdn\$35.3 million to reflect changes in the US dollar compared with the Canadian dollar. Included in net earnings during the first half of 2018 is \$2.0 million relating to changes in the fair value of the contingent consideration that is attributed to the passage of time, and with \$1.6 million of the increase in fair value being realized in other comprehensive income.

In determining the fair value of the royalty interest, UHIC applied a 65% success probability to the Doba Basin and a 35% probability to the Block H cash flows determined using the forecasted Brent crude oil price, as prepared and published by McDaniel & Associates Consultants Ltd. on July 1, 2018, and discounted using a risk-adjusted rate of 14.4%. At December 31, 2017, the royalty interest was valued at US\$114.0 million (Cdn\$143.1 million). At June 30, 2018, the royalty interest was revalued to US\$118.1 million to reflect a change in the average oil price forecast and to account for the passage of time, and to Cdn\$155.7 million to reflect foreign currency fluctuations. Included in net earnings during the first half of 2018 is \$5.3 million relating to changes in the fair value of the royalty interest that is attributed to changes in the average price of oil and the passage of time, and with \$7.3 million of the increase in fair value being realized in other comprehensive income.

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Other items in net earnings (loss) before taxes				
Depreciation	\$ -	\$ (235)	\$ (4)	\$ (532)
General and administrative				
Directly attributable to exploration activities	-	(1,270)	-	(2,694)
Head office and other ongoing costs	(188)	(1,891)	(632)	(3,462)
Remeasurement of resource-based financial instruments	871	-	7,353	-
Interest expense	-	(9)	2	(15)
Foreign exchange gain	-	20	-	13
Net earnings (loss) before taxes, United Hydrocarbon International Corp.	\$ 683	\$ (3,385)	\$ 6,719	\$ (6,690)
<b>Net earnings (loss) before taxes, United Hydrocarbon International Corp. attributable to:</b>				
Owners of Dundee Corporation	\$ 563	\$ (2,870)	\$ 5,546	\$ (5,672)
Non-controlling interest	120	(515)	1,173	(1,018)
Net earnings (loss) before taxes, United Hydrocarbon International Corp.	\$ 683	\$ (3,385)	\$ 6,719	\$ (6,690)

As a result of changes in the fair value of the contingent consideration and royalty interest related to UHIC’s transaction with Delonex, UHIC is reporting net earnings in the half of 2018 of \$6.7 million, including the \$7.4 million of fair value changes described above. UHIC’s operating results also benefited from continued cost savings. As a result of changes to its business activities, UHIC’s general and administrative costs were reduced to \$0.6 million during the six months ended June 30, 2018, compared with \$6.2 million in the same period of 2017.

During the three months ended June 30, 2018, UHIC recognized net earnings of \$0.7 million, including the \$0.9 million of fair value changes. The general and administrative costs reduced to \$0.2 million in the second quarter of 2018 from \$3.2 million incurred in the same quarter of 2017.

### *CHANGES IN FINANCIAL CONDITION*

UHIC received cash consideration of US\$20.3 million at closing of the transaction with Delonex, representing the upfront payment of US\$35.0 million, less escrowed amounts and holdbacks of US\$12.5 million, and net of a working capital shortfall of US\$2.2 million. At closing, US\$9.5 million of cash consideration was placed in an escrow account, of which US\$6.9 million will be released to UHIC on March 22, 2019, subject to any claims by Delonex for breaches against representations, warranties or covenants in the transaction agreement, or against any other indemnity provisions. Subject to certain conditions, the remaining US\$2.6 million will be released at the earlier of first production or September 22, 2020.

In addition, UHIC and Delonex have entered into a further commercial contract in respect of a holdback of US\$3.0 million, which is available to Delonex to fund any fees associated with a further extension of the current three-year term of the PSC. Upon the granting of such extension by the Republic of Chad, any amounts not used by Delonex to secure the extension will be returned to UHIC. As part of its agreement with Delonex, UHIC has agreed to fund up to US\$10.0 million of costs associated with the extension, any additional amount of which will be withheld from the US\$50 million contingent bonus payment. Should the extension costs exceed US\$10 million, 50% of any excess will be funded by UHIC. Should an extension not be granted prior to June 5, 2020, the holdback will be forfeited by UHIC to Delonex.

### *Cash Resources*

At June 30, 2018, UHIC held cash of \$5.2 million. UHIC does not currently generate cash flows from its business activities, and it currently relies on its ability to raise funds through capital markets or through debt from the Corporation. Existing cash resources are expected to cover UHIC's cash requirements as it transitions its knowledge of UHCL to Delonex.

UHIC's residual assets, including its royalty interest and its entitlement to a first oil production bonus, are based on contingent and prospective oil and gas resources that are to be explored and developed in the Republic of Chad by Delonex, the new operator of UHCL. There are a number of potential material uncertainties that, should they arise, would raise significant doubt as to UHIC's ability to recover its royalty interest and first oil bonus receivable carried value. These uncertainties include, but are not limited to, the current economic and political conditions in Africa, the ongoing volatility of oil prices, the inherent risk in the oil and gas industry to finding commercial quantities of oil, and UHCL's ability to access key oil export infrastructure to export any oil or gas discoveries. There can be no assurance that UHCL will be successful in its endeavours.

## **DUNDEE SUSTAINABLE TECHNOLOGIES INC.**

Dundee Technologies is engaged in the development and commercialization of innovative environmentally responsible technologies for the treatment of complex materials in the mining industry. Through the development of patented, proprietary processes, Dundee Technologies extracts precious and base metals from ores, concentrates and tailings, while stabilizing contaminants such as arsenic, which could not otherwise be extracted or stabilized with conventional processes because of metallurgical issues, cost or environmental considerations. Dundee Technologies is currently processing test material for a number of customers and, assuming successful results, it expects to negotiate business terms with those customers for the commercialization of its technologies.

At June 30, 2018, the Corporation held 178.1 million subordinate voting shares and 50 million multiple voting shares of Dundee Technologies, representing a 63% equity interest and an 83% voting interest. Additional information regarding Dundee Technologies may be accessed at [www.dundeetechnologies.com](http://www.dundeetechnologies.com).

### *The Gold Chlorination Technology*

Dundee Technologies' proprietary process is associated with the extraction of precious metals using sodium hypochlorite to provide a cyanide-free alternative for the exploitation of gold deposits. The primary benefits of this innovative technology are shorter processing times, inert and stable cyanide and mercury-free tailings, and a closed-loop operation that eliminates the need for costly tailings ponds, reducing the associated environmental footprint and eliminating the risk of damaging spills.

As at June 30, 2018, Dundee Technologies had expended \$19.7 million towards the construction and operation of its demonstration plant, which serves as a demonstration platform for the chlorination process on an industrial scale and under continuous operating conditions. Having completed the technical development of the technology at an industrial scale, Dundee



Technologies will continue to work towards an implementation of its gold technology for deployment in markets around the world.

#### *The Arsenic Stabilization Technology*

The arsenic stabilization technology is currently exhibiting the best market opportunities in the short term. During 2015, Dundee Technologies constructed a pilot plant for its proprietary arsenic stabilization process. The approach to stabilize arsenic in glass is a technique that segregates arsenic in the extraction process and therefore provides opportunities for deposits or concentrates too toxic with arsenic to be exploited using conventional methods. It also presents an opportunity for existing smelter operations that are seeking a technology to stabilize arsenic bearing flue dust, which are inherent in such operations.

In February 2016, Dundee Technologies entered into an agreement with an international gold mining and smelting company (the “Customer”) to evaluate the feasibility of integrating the arsenic stabilization process onsite at its smelter for arsenical matter produced by the Customer. The results confirmed that complex refractory gold concentrates can undergo a pre-treatment to create an arsenic depleted mineral concentrate, and subsequently undergo gold and base metals extraction using Dundee Technologies’ chlorination process, or otherwise be sold in the concentrate market. In December 2017, Dundee Technologies entered into an agreement with the Customer for the construction and operation of an onsite industrial scale plant. The plant, the construction of which is being funded by the Customer, has completed construction in Quebec and will be delivered to the Customer’s metal processing facility in the third quarter of 2018 where it will begin a 12-month operating period. The objective of the construction and operation of the industrial scale plant is to confirm the amenability of the underlying technology for the treatment of flue dusts. Completion of the construction and commissioning of the industrial scale plant is expected in the fourth quarter of 2018, with the operation period commencing in the early 2019.

Dundee Technologies is working on a number of laboratory scale contracts for the testing of various arsenical streams that will add to the pipeline of projects for the company.

#### *Arsenopyrite Process – Radisson Mining Resources Inc.*

In February 2017, Dundee Technologies entered into a contract with Radisson Mining Resources Inc. (TSXV: RDS) (“Radisson”) to conduct a pilot scale program on samples from their gold project located in the Abitibi region of Quebec. Under the terms of this contract, Dundee Technologies has received a five-tonne sample of representative material from the project. The goal was to confirm that complex refractory gold concentrates can undergo a pre-treatment to remove arsenic and create a mineral concentrate, and subsequently undergo gold and base metals extraction using Dundee Technologies’ chlorination process. This test program was overseen by an independent consulting firm with the view of providing the necessary data to Radisson, with which it can complete an economic assessment. Dundee Technologies successfully removed 92.2% of the arsenic from this refractory material.

#### *Pyrolysis Process on Cobaltite – eCobalt Solutions Inc.*

In December 2017, Dundee Technologies entered into a lab scale technical services contract with eCobalt Solutions Inc. (TSX: ECS) (“eCobalt”) to assist in conducting detailed metallurgical testing and flow sheet design for the creation of a clean cobalt concentrate using pyrolysis plus Dundee Technologies’ vitrification on arsenic contaminated cobaltite concentrates. The lab scale testing reduced the arsenic in the concentrate from 18% to 0.15%. In January 2018, Dundee Technologies announced a pilot scale program with eCobalt on a three-tonne bulk sample, the purpose of which is to confirm the successful removal of arsenic as demonstrated in the lab scale testing. eCobalt has made significant progress in removing the arsenic with using a kiln and has reported that it will move ahead with pilot scale testing in the third quarter of 2018. The results of this will provide eCobalt with feasibility level detailed engineering data to assist in costing and sizing of equipment to produce a clean cobalt concentrate and an arsenic by-product that will be vitrified using Dundee Technologies’ technology.

#### *Technical Services*

Dundee Technologies continues to build its technical services business and under the terms of these contracts, Dundee Technologies will provide technical services in markets such as lithium, cobalt, nickel, magnesium, graphite and gold. Proceeds from these contracts will allow Dundee Technologies to partially offset developmental and operating costs related to its primary technologies.

## RESULTS OF OPERATIONS

During the six months ended June 30, 2018, Dundee Technologies incurred a net loss before taxes of \$1.5 million, compared with a net loss before taxes of \$1.8 million in the same period of the prior year.

<i>For the six months ended June 30,</i>	2018	2017
Revenues		
Technical services	\$ 1,099	\$ 873
Interest, dividends and other	8	-
	1,107	873
Cost of sales	(744)	(831)
Other items in net loss before taxes		
General and administrative	(1,651)	(1,584)
Interest expense	(260)	(220)
Foreign exchange gain (loss)	18	(5)
Net loss before taxes, Dundee Sustainable Technologies Inc.	\$ (1,530)	\$ (1,767)
<b>Net loss before taxes, Dundee Sustainable Technologies Inc. attributable to:</b>		
Owners of Dundee Corporation	\$ (742)	\$ (985)
Non-controlling interest	(788)	(782)
Net loss before taxes, Dundee Sustainable Technologies Inc.	\$ (1,530)	\$ (1,767)

During the six month ended June 30, 2018, Dundee Technologies earned revenues of \$1.1 million (six months ended June 30, 2017 – \$0.9 million) from the provision of technical services to customers in the mining industry to evaluate processing alternatives using its proprietary technologies and mineral processing equipment.

Dundee Technologies incurred operating expenses of \$2.4 million during the six months ended June 30, 2018, of which \$0.7 million is directly attributable to the provision of technical services, including labour and associated overhead, and which has been designated as “*Cost of Sales*” in the consolidated statements of operations, and \$1.7 million in general and administrative costs. In comparison, during the same period of the prior year, Dundee Technologies incurred operating costs of \$2.4 million, of which \$0.8 million was attributed to cost of sales, with the balance of \$1.6 million in general and administrative costs. As the business activities of Dundee Technologies mature, it is expected that more of its highly specialized technical resources be allocated to the provision of revenue generating activities.

## CHANGES IN FINANCIAL POSITION

The chlorination process developed by Dundee Technologies has been recognized as a “green technology”, for which Dundee Technologies has originally awarded a \$5.0 million grant by the Government of Canada through its Sustainable Development Technology Canada Fund, for the construction and operation of the demonstration plant. During the six months ended June 30, 2018, Dundee Technologies announced a further award of \$1.25 million for continued development of its arsenic vitrification technology. The funding will assist Dundee Technologies in the construction and operation of its industrial scale plant.

Dundee Corporation advanced \$0.9 million to Dundee Technologies during the six-month period ended June 30, 2018 in order to supplement working capital requirements. At June 30, 2018, Dundee Technologies had cash of \$1.0 million, and it had obligations, other than obligations due to Dundee Corporation, of \$6.4 million. Dundee Technologies continues to pursue financing alternatives to fund its operations. Although there is no assurance that these efforts will be successful, Dundee Technologies believes that if its ongoing research and development activities provide favourable results, it will be able to secure the necessary financing through additional grants, or the issuance of debt or equity in either the private or public markets.

## EUROGAS INTERNATIONAL INC.

Eurogas International Inc. (“Eurogas”) ([www.eurogasinternational.com](http://www.eurogasinternational.com)), is a publicly traded (CSE: EI) oil and natural gas exploration company. Eurogas holds an approximate 5.625% royalty-like working interest in the Sfax offshore permit (the “Sfax Permit”), located in the shallow Mediterranean waters in the Gulf of Gabes, offshore Tunisia and southeast of the city of Sfax.

DNO Tunisia AS (“DNO Tunisia”) was the operator of the Sfax Permit. DNO Tunisia contractually assumed all drilling and other obligations associated with the Sfax Permit, including any monetary penalties arising due to non-fulfillment of work commitments agreed to under the terms of the Sfax Permit.

During 2015, the parties to the joint operating agreement sought an extension of the first renewal period of the Sfax Permit, and in August 2015, the Tunisian authorities approved a two-year extension, 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.

On July 30, 2018, Panoro Energy ASA (“Panoro”), an independent exploration and production company based in London, England and listed on the Oslo Stock Exchange, acquired 100% of DNO Tunisia, including its rights and obligations in respect of the Sfax exploration permit. Panoro has assumed all existing permit interests, rights and unfulfilled work obligations.

### RESULTS OF OPERATIONS

During the first half of 2018, Eurogas incurred a loss before income taxes of \$0.3 million consistent with a loss before income taxes of \$0.3 million in the same period of 2017. Higher interest charges on monies borrowed, and the adverse effect of foreign exchange translation amounts in the first half of 2018, mostly offset the benefit of reduced general and administrative expenses that resulted from diminished business activities.

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Other items in net loss before taxes				
General and administrative	\$ (89)	\$ (155)	\$ (177)	\$ (256)
Interest expense	(63)	(49)	(123)	(97)
Foreign exchange (loss) gain	(13)	14	(29)	16
<b>Net loss before taxes, Eurogas International Inc.</b>	<b>\$ (165)</b>	<b>\$ (190)</b>	<b>\$ (329)</b>	<b>\$ (337)</b>
<b>Net loss before taxes, Eurogas International Inc. attributable to:</b>				
Owners of Dundee Corporation	\$ (88)	\$ (101)	\$ (176)	\$ (180)
Non-controlling interest	(77)	(89)	(153)	(157)
<b>Net loss before taxes, Eurogas International Inc.</b>	<b>\$ (165)</b>	<b>\$ (190)</b>	<b>\$ (329)</b>	<b>\$ (337)</b>

### CHANGES IN FINANCIAL CONDITION

Dundee Corporation has provided Eurogas with a \$5.0 million revolving term credit facility, pursuant to which Eurogas has agreed to pay interest at a rate per annum equal to the prime lending rate for loans as set out by a Canadian Schedule I Chartered Bank, plus 1.25%. Dundee Corporation may, at its discretion and subject to the necessary regulatory approvals, require Eurogas to convert all amounts outstanding, including any interest outstanding, into common shares of Eurogas, subject to a minimum conversion price of \$0.05 per common share of Eurogas. At June 30, 2018, Eurogas had drawn \$5.4 million against this facility, including a net amount of \$0.2 million advanced by Dundee Corporation during the first half of 2018. Although Eurogas has exceeded amounts available pursuant to these arrangements, Dundee Corporation has not demanded payment.

In addition, Eurogas has issued preference shares from treasury with a par value of \$32.2 million. The preference shares are held by Dundee Energy, and are subject to demand by Dundee Energy at any time, together with unpaid dividends thereon amounting to \$12.7 million at June 30, 2018.

Both the \$5.0 million revolving term credit facility provided by Dundee Corporation to Eurogas, and the \$32.2 million preference shares held by Dundee Energy, are eliminated as intersegment amounts in the June 2018 Interim Consolidated Financial Statements. However, as a result of these financial obligations, Eurogas had a negative working capital balance of \$51.1 million at June 30, 2018. Eurogas’ ability to meet its obligations is conditional on the discovery of economically recoverable reserves, obtaining exploitation concessions for any such economically recoverable reserves, its ability to raise the necessary capital to finance development and settle its current obligations, and working capital from future profitable production or proceeds from the disposition of assets. There can be no assurance that Eurogas will be successful in achieving any of these initiatives.

## BLUE GOOSE CAPITAL CORP.

Blue Goose is a privately-held Canadian company focused on the production, distribution and sale of organic, natural and conventional protein products, including beef, chicken and fish. Blue Goose owns a significant position in agricultural land in British Columbia. At June 30, 2018, Dundee Corporation held 90% of the issued and outstanding common shares of Blue Goose. Additional information about Blue Goose may be accessed at [www.bluegoosepurefoods.com](http://www.bluegoosepurefoods.com).

### RESULTS OF OPERATIONS

During the first half of 2018, Blue Goose incurred a net loss from continuing operations of \$14.5 million, compared with a net loss of \$4.0 million incurred in the same period of the prior year. Results in the first half of the prior year also included a net income of \$5.7 million relating to the operations of Blue Goose Pure Foods (“BGPF”), which were classified as discontinued following the appointment of an interim receiver on December 14, 2017, as further outlined in note 5 to the 2017 Audited Consolidated Financial Statements and the accompanying MD&A.

	For the six months ended June 30, 2018	For the six months ended June 30, 2017		
		Continuing Operations	Discontinued Operations	Total
Revenues				
Sales	\$ 14,108	\$ 14,576	\$ 46,879	\$ 61,455
Interest and dividends	676	138	-	138
	14,784	14,714	46,879	61,593
Cost of sales	(20,746)	(21,192)	(41,064)	(62,256)
Other items in net (loss) earnings before taxes				
Depreciation and depletion	(1,106)	(1,231)	(2,044)	(3,275)
General and administrative				
Marked-to-market adjustment on earnout liability	-	-	4,177	4,177
Other general and administrative	(2,939)	(2,480)	(1,248)	(3,728)
Fair value changes in livestock	(1,965)	8,363	-	8,363
Interest expense	(2,485)	(2,128)	(948)	(3,076)
Foreign exchange gain (loss)	3	(3)	(33)	(36)
Net (loss) earnings before taxes, Blue Goose Capital Corp.	\$ (14,454)	\$ (3,957)	\$ 5,719	\$ 1,762
<b>Net (loss) earnings before taxes, Blue Goose Capital Corp. attributable to:</b>				
Owners of Dundee Corporation	\$ (12,951)	\$ (3,562)	\$ 5,291	\$ 1,729
Non-controlling interest	(1,503)	(395)	428	33
Net (loss) earnings before taxes, Blue Goose Capital Corp.	\$ (14,454)	\$ (3,957)	\$ 5,719	\$ 1,762

Blue Goose’s operating performance from its continuing operations is largely driven by changes in the fair value of its livestock, which is subject to significant volatility from period to period due to both changes in physical growth as well as market prices. During the first half of 2018, Blue Goose recognized a fair value loss in livestock value of \$2.0 million, compared with a \$8.4 million gain in the same period of the prior year. Blue Goose’s beef division accounted for the majority of the movement in fair value changes in livestock, with the fish division being the smaller contributor. The fair value loss in the first half of 2018 is due to a 29.9% decrease in commodity beef prices, as well as a smaller biomass of the herd.

### Contribution Margins

During the six months ended June 30, 2018, Blue Goose incurred a negative contribution margin from continuing operations of \$8.6 million on total revenues of \$14.1 million, compared with a positive contribution margin from continuing operations of \$1.7 million on total revenues of \$14.6 million in the same period of the prior year. The negative contribution margin, before adjusting for fair value changes, was \$0.4 million in the first half of 2018, compared with a positive contribution margin of \$0.2 million before adjusting for fair value changes for the same period of the prior year.

<i>For the six months ended June 30,</i>				2018
	Beef	Fish	Chicken	Total
Revenue	\$ 7,845	\$ 1,235	\$ 5,028	\$ 14,108
Cost of sales, period cost	(8,708)	(1,024)	(4,772)	(14,504)
	(863)	211	256	(396)
Fair value changes				
Fair value changes in livestock	(2,684)	719	-	(1,965)
Cost of sales, fair value harvested	(5,035)	(1,207)	-	(6,242)
	(7,719)	(488)	-	(8,207)
Margin	\$ (8,582)	\$ (277)	\$ 256	\$ (8,603)
Margin %	(166.3%)	(14.2%)	5.1%	(70.8%)

<i>For the six months ended June 30,</i>				2017
	Beef	Fish	Chicken	Total
Revenue	\$ 7,969	\$ 1,473	\$ 5,134	\$ 14,576
Cost of sales, period cost	(8,085)	(1,311)	(5,008)	(14,404)
	(116)	162	126	172
Fair value changes				
Fair value changes in livestock	7,114	1,249	-	8,363
Cost of sales, fair value harvested	(5,284)	(1,504)	-	(6,788)
	1,830	(255)	-	1,575
Margin	\$ 1,714	\$ (93)	\$ 126	\$ 1,747
Margin %	11.4%	(3.4%)	2.5%	7.6%

Revenue from the beef division of \$7.8 million was \$0.2 million lower than the revenue generated in the same period of the prior year. During the first six months of 2018, period costs associated with the beef division were \$8.7 million and included costs of feeding, labour and other farm costs. This compares with lower period costs of \$8.1 million in the same period of the prior year. The increase in period costs is largely attributable to higher feed costs in 2018, as further discussed below.

During 2017, Blue Goose's beef division was impacted by the largest single wildfire in the history of British Columbia. The wildfires have impacted grazing lands and Blue Goose has received notice from the British Columbia government, restricting access to certain crown grazing lands because of environmental concerns. Restricted supply of alternative feeding options has increased the cost of feed. In the second quarter of 2018, Blue Goose received funding of \$0.9 million from the application of government-sponsored relief programs to recover some of the costs of dealing with the 2017 wildfire damage.

Revenue and period costs from the fish division of \$1.2 million and \$1.0 million in the first half of 2018 respectively, are lower compared to the revenue and period costs in the same period of the prior year. The \$0.3 million decrease in revenue is partially attributable to the approximately \$0.2 million of natural fish inventory held back in relation to the sale of a portion of the fish assets in July 2018. The \$0.3 million lower period costs in the first six months of 2018 compared to the same period of the prior year are consistent with the lower sales volume and lower feed usage due to longer winter season. In 2017, Blue Goose determined that its existing fish division does not have the necessary scale to become a core aspect of its ongoing business strategy. In July 2018, Blue Goose completed the partial sale of the assets in the fish division for \$2.5 million. Blue Goose has identified a potential purchaser for the remaining operations of the fish division and negotiations are ongoing.

Revenue of \$5.0 million from sales of chicken during the first six months of 2018 was consistent with revenue in the same period of the prior year. Margins have improved following the sourcing of a new primary chicken supplier and a new chicken processor in the fourth quarter of 2017.

## CHANGES IN FINANCIAL CONDITION

### Changes in Livestock Carrying Values

	Cattle		Fish		Inventory and Supplies		Total
Carrying value, beginning of the period	\$	25,247	\$	2,784	\$	2,282	\$ 30,313
<b>Transactions during the six months ended June 30, 2018</b>							
Net additions		167		39		1,905	2,111
Herd growth - physical changes		2,690		719		-	3,409
Herd growth - price changes		(5,374)		-		-	(5,374)
Net of product processed		(5,035)		(1,207)		(2,888)	(9,130)
<b>Carrying value, end of the period</b>	<b>\$</b>	<b>17,695</b>	<b>\$</b>	<b>2,335</b>	<b>\$</b>	<b>1,299</b>	<b>\$ 21,329</b>

Herd size at Blue Goose's beef division increased by 1,704 head or 12% during the first half of 2018 mainly due to new births. Despite the increase in head count the total biomass of the herd has declined by approximately 8% since December 31, 2017. Management continues to assess the implications of the reduced availability of feed, grazing and hay lands as a result of the 2017 wildfires and its potential impact to the herd size. In addition to normal course sales, Blue Goose is anticipating that it will need to reduce its herd size by a further approximately 2,200 head by the end of 2018 in response to feed constraints. The funds received from the revenue associated with these sales to reduce herd size will be used to offset the cash needs of the business.

<i>(number of animals)</i>	Cattle herd as at	
	June 30, 2018	December 31, 2017
Breeding cattle and bulls	7,016	6,743
Immature livestock and feeder cattle	8,526	7,095
	<b>15,542</b>	<b>13,838</b>

### Corporate Debt in Blue Goose

Blue Goose and its subsidiaries have entered into several borrowing arrangements, pursuant to which Blue Goose has borrowed an aggregate of \$54.3 million as at June 30, 2018. Other than as described below, since December 31, 2017, there have been no significant changes to the terms of credit facilities and other debt instruments available to Blue Goose from those outlined in note 15 to the 2017 Audited Consolidated Financial Statements.

Blue Goose has established a \$10.0 million real property loan facility with Farm Credit Canada, the proceeds of which were used to facilitate the acquisition of a ranch property in western Canada which at June 30, 2018, had a balance owing of \$8.0 million. The loan was secured by the ranch property. In addition, Dundee Agriculture Corporation, a wholly-owned subsidiary of the Corporation, provided a full guarantee in respect of amounts owing under these arrangements. The real property loan matured on May 1, 2018, at which time the real property loan was renewed under amended terms that include interest at the lender's prime lending rate plus 2.05% and a maturity of May 1, 2023.

Other than as described above, the lending institutions to Blue Goose do not have recourse to Dundee Corporation in respect of any of the amounts borrowed under Blue Goose's lending arrangements.

### Cash Resources

At June 30, 2018, Blue Goose had cash and receivables of \$3.7 million and it had obligations, other than corporate debt as outlined above and amounts otherwise due to Dundee Corporation, of \$5.1 million. During the first six months of 2018, the Corporation advanced \$9.9 million to Blue Goose, of which \$4.7 million was used to reduce bank loans in order to alleviate financial covenant obligations, with the balance being used to supplement working capital requirements. Without the continued financial support of Dundee Corporation, there can be no assurance that Blue Goose will generate sufficient cash flows or otherwise have access to the necessary funding to maximize its business opportunities.

## AGRIMARINE HOLDINGS INC.

AgriMarine is a private company engaged in fish farming activities using both conventional netting systems and proprietary aquaculture technologies. AgriMarine has three principal assets: “West Coast Fishculture (Lois Lake) Ltd.” (“WCF”) which owns and operates a Steelhead salmon fish farm in Powell River, British Columbia; a suite of patents pertaining to a closed-containment tank technology used to rear finfish; and “AgriMarine Technologies Inc.” (“ATI”), an engineering company that continues to develop and improve proprietary aquaculture technologies, supports WCF internal needs, and provides engineering services to third-party fish farm operators. As at June 30, 2018, the Corporation held a 100% interest in AgriMarine. Additional information about AgriMarine may be accessed at [www.agrimarine.com](http://www.agrimarine.com).

### RESULTS OF OPERATIONS

During the six months ended June 30, 2018, AgriMarine incurred pre-tax net losses attributable to owners of Dundee Corporation of \$1.7 million, compared with pre-tax net losses attributable to owners of Dundee Corporation of \$2.7 million in the same period of 2017.

<i>For the six months ended June 30,</i>	2018	2017
Revenues		
Sales	\$ 5,789	\$ 5,373
Interest, dividends and other	34	-
	5,823	5,373
Cost of sales	(5,874)	(6,515)
Other items in net loss before taxes		
General and administrative	(1,657)	(1,549)
Interest expense	(26)	(4)
Foreign exchange loss	(4)	(3)
<b>Net loss before taxes, AgriMarine Holdings Inc.</b>	<b>\$ (1,738)</b>	<b>\$ (2,698)</b>
<b>Net loss before taxes, AgriMarine Holdings Inc. attributable to:</b>		
Owners of Dundee Corporation	\$ (1,738)	\$ (2,698)
Non-controlling interest	-	-
<b>Net loss before taxes, AgriMarine Holdings Inc.</b>	<b>\$ (1,738)</b>	<b>\$ (2,698)</b>

### Contribution Margins

During the six months ended June 30, 2018, AgriMarine generated revenue of \$5.8 million and a negative contribution margin of \$0.1 million, compared with revenue of \$5.4 million and a negative contribution margin of \$1.1 million in the same period of 2017.

<i>For the six months ended June 30,</i>	2018	2017
Revenues	\$ 5,789	\$ 5,373
Cost of sales	(5,874)	(6,515)
<b>Contribution margin</b>	<b>\$ (85)</b>	<b>\$ (1,142)</b>

Harvesting and sales during the six months ended June 30, 2018 were impacted negatively by an unexpected softening in the market, which started in the fourth quarter of 2017, and appears to include eastern Canadian and US markets, as well as WCF’s traditional western Canadian markets. Considerable efforts have been expended during the first half of 2018 to develop new markets, and to compete in markets that have not previously been pursued. These efforts have resulted in several new contracts and customers that have long-term intent, supporting WCF’s intent to grow in scale over time.

The volume of fish harvested during the six months ended June 30, 2018 was 745,000 kilograms, translating into 457,000 kilograms (1,006,000 pounds) of product, sold at an average selling price of \$12.55 per kilogram (\$5.71 per pound).

In addition to supporting WCF operations and perfecting its technology, ATI continues to pursue opportunities to develop its customer base of third-party engineering services clients, and closed-containment technologies.

## CHANGES IN FINANCIAL CONDITION

	Biological	Inventory and	Total
	Assets	Supplies	
Carrying value, beginning of the period	\$ 5,564	\$ 428	\$ 5,992
<b>Transactions during the six months ended June 30, 2018</b>			
Net additions	4,208	189	4,397
Net of product processed	(4,945)	-	(4,945)
<b>Carrying value, end of period</b>	<b>\$ 4,827</b>	<b>\$ 617</b>	<b>\$ 5,444</b>

As at June 30, 2018, the carrying value of AgriMarine's biological assets was \$4.8 million, compared to a carrying value of \$5.6 million as at December 31, 2017.

During the six months ended June 30, 2018, AgriMarine's cash flows from operations have been insufficient to meet its obligations and to expand its business activities. As at June 30, 2018, AgriMarine had cash of three thousand dollars, and liabilities of \$3.6 million excluding amounts due to Dundee Corporation. There can be no assurance that AgriMarine will have access to the necessary cash to carry out its current business plan.

AgriMarine's principal focus remains the achievement of sustainable profitability for its WCF farming operation. In this context, improving reliability and reducing the cost of oxygen supply to the farm's closed-containment tanks, increasing fish growth rates by several means including automated feeding, reducing energy costs, and outsourcing certain processing costs are management's current priorities. In this context, a capital expenditure budget was approved during the quarter, and implementation plans are in progress. It is anticipated that improvements in operating efficiency, cost savings and other benefits will begin to accrue during the third quarter, but most are anticipated in the fourth quarter and beyond as the impact of changes begin to reflect in cash flow, and reduced operating costs.

Although future increases in scale would result in benefits from economies achieved by spreading infrastructure and operating costs over a larger volume of fish, this is not a viable option at this time due to the anticipated capital investment required. Until an increase in scale becomes a viable option, Management has been proposed an alternative that incorporates the already approved capex initiatives, and a series of small "smolt" raceways which will replace nets as a necessary element in the growth cycle. Specifications and budget pricing are currently being compiled and will be presented for approval when complete. The proposal would achieve the desired result of eliminating net pens, making West Coast a 100% closed containment operation. At the same time, in conjunction with implementation of the approved capex it would simplify the operation, reduce inefficiency, and reduce mortalities that generally accompany net pen operations during warmer months, as well as enhance fish health and growth.

In the interim, ATI is a cost centre as it continues to support WCF operations technically, and to prove the scientific and commercial viability of its closed-containment tank technology. This activity is of strategic importance for future expansion and international technology licensing and/or sales initiatives. ATI currently relies on WCF cash flows to fund its operations and its head office operations.

## DUNDEE 360 REAL ESTATE CORPORATION

Dundee 360 is a real estate company offering integrated management services in the development, marketing, sales and project administration of high-end single purpose and mixed-use, residential, hotel and recreational real estate assets. In addition to its real estate activities, Dundee 360 also holds the Canadian franchise license to operate Sotheby's International Realty Canada ("Sotheby's"). Combining a prestigious and internationally recognized real estate brand with local market knowledge and specialized marketing expertise, Sotheby's is the leading real estate sales and marketing company for some of Canada's most exceptional properties.

At June 30, 2018, Dundee 360 was a wholly-owned subsidiary of the Corporation. Additional information about Dundee 360 and Sotheby's may be accessed at [www.dundee360.com](http://www.dundee360.com) and [www.sothebysrealty.ca](http://www.sothebysrealty.ca).



## RESULTS OF OPERATIONS

During the six months ended June 30, 2018, Dundee 360 incurred a net loss before taxes of \$1.7 million, compared with net earnings before taxes of \$0.2 million earned in the same period of the prior year. Volatility in net earnings stemmed from Dundee 360's real estate project management revenue, which is predominantly project driven in addition to a slowdown in the residual housing resale market due to recent government interventionists measures such as the foreign buyer tax in Ontario and British Columbia, increase interest rates and stricter mortgage qualification rules.

For the six months ended June 30,	Real Estate Brokerage		Real Estate Project Management		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Gross commission income	\$ 41,006	\$ 45,433	\$ -	\$ -	\$ 41,006	\$ 45,433
Consulting and management fees	-	-	825	3,120	825	3,120
Sales and marketing fees	-	-	132	-	132	-
Other revenue	3,777	4,141	13	31	3,790	4,172
Interest, dividends and other	21	33	382	(69)	403	(36)
	44,804	49,607	1,352	3,082	46,156	52,689
Cost of sales	(36,875)	(40,906)	-	-	(36,875)	(40,906)
Other items in net (loss) earnings before taxes						
Depreciation and depletion	(551)	(515)	(208)	(708)	(759)	(1,223)
General and administrative	(8,416)	(8,505)	(1,655)	(2,983)	(10,071)	(11,488)
Share of (loss) income from real estate joint ventures	-	-	(107)	1,159	(107)	1,159
Finance expense	(43)	(39)	(5)	(6)	(48)	(45)
Net (loss) earnings before taxes, Dundee 360 Real Estate Corporation	\$ (1,081)	\$ (358)	\$ (623)	\$ 544	\$ (1,704)	\$ 186
<b>Net (loss) earnings before taxes, Dundee 360 Real Estate Corporation attributable to:</b>						
Owners of Dundee Corporation	\$ (1,081)	\$ (358)	\$ (619)	\$ 554	\$ (1,700)	\$ 196
Non-controlling interest	-	-	(4)	(10)	(4)	(10)
Net (loss) earnings before taxes, Dundee 360 Real Estate Corporation	\$ (1,081)	\$ (358)	\$ (623)	\$ 544	\$ (1,704)	\$ 186

### Real Estate Brokerage Activities

Dundee 360 currently holds the exclusive right to the use of the "Sotheby's International Realty" name and related trademarks across Canada until 2029, with a unilateral right to extend its franchise agreement for an additional 25-year term. Franchise fees pursuant to this arrangement are 6% of gross commission income, with minimum annual payments of US\$1.3 million. As part of its growth plan, Sotheby's remains focused on recruiting realtors with strong ethical and professional backgrounds who understand the benefit of the Sotheby's International Realty brand. These initiatives have resulted in a realtor base that averages, on an annual basis, between four to five times the sales volumes of other realtors in Canada as reported by The Canadian Real Estate Association.

At June 30, 2018, Sotheby's total agent count increased to 498 individuals, compared with 456 individuals at the end of the second quarter of the prior year. During the six months ended June 30, 2018, these agents registered sales of over \$2.1 billion in residential real estate, compared to \$2.4 billion of sales registered in the same period of the prior year. Gross commission revenues for the listing, marketing and selling of real estate assets were \$41.0 million in the first six months of the current year, compared with \$45.4 million earned in the first six months of 2017. As described above, the variance in gross commission revenues is the result of various external factors that have caused several of the major markets to slowdown. Commissions paid to associated brokers and agents in respect of this revenue stream were \$36.9 million (six months ended June 30, 2017 – \$40.9 million), providing Sotheby's with a contribution margin of \$4.1 million or 10.0% (six months ended June 30, 2017 – contribution margin of \$4.5 million or 9.9%).

In addition to commission revenues, this division earned \$3.8 million (six months ended June 30, 2017 – \$4.1 million) of other revenue from its network of brokers and agents for the provision of services, including marketing, administrative and support services. Other revenue also includes luxury premium awards earned for achieving certain gross commission income targets.

### *Real Estate Project Management Activities*

Dundee 360's real project management division incurred a net loss of \$0.6 million in the first six months of 2018, compared with net earnings of \$0.5 million generated in the first six months of 2017.

During the six months ended June 30, 2018, Dundee 360 earned revenues of \$1.4 million from its real estate project management activities. This compares with \$3.1 million of revenues generated in the same period of the prior year. Prior year revenues included \$2.6 million of revenues from project management activities for the refurbishment of two Fairmont-branded hotels, for which the work was successfully executed and completed on January 4, 2018. Dundee 360 is actively engaging in business development and marketing efforts to secure new luxury real estate projects that can benefit from Dundee 360's integrated management services and synergies with Sotheby's.

In addition, during the first six months of the prior year, Dundee 360's operating results included \$1.2 million of equity income attributable to its 45% share interest in the Edenarc 1800 project in Savoie, France for the completion and delivery of Phase 2 of Les Monarques. During the first six months of 2018, Dundee 360 has been managing the construction of Phase 3 of Les Monarques, which is on track to be delivered by December 2018 and has been actively developing plans for the construction of individual and shared chalets on the remainder of the available developable land.

Year-to-date general and administrative expenses in Dundee 360's real estate project management division decreased to \$1.7 million during the six months ended June 30, 2018, compared with \$3.0 million of expenses incurred during the same period of the prior year. The decrease is consistent with the completion of its project management activities on January 4, 2018 as described above, in addition to continued diligence over cost control.

### *CHANGES IN FINANCIAL CONDITION*

During the six months ended June 30, 2018, the Corporation advanced \$0.8 million to Dundee 360 to supplement working capital requirements. At June 30, 2018, Dundee 360 had cash and receivables of \$8.7 million and its liabilities, other than amounts due to Dundee Corporation, were \$7.8 million. Dundee 360 is currently implementing strategies to monetize various international real estate development interests, continue agent growth and market expansion initiatives, source new project management opportunities and create potential financing vehicles to allow Dundee 360 to continue growing its business. Without the financial support of the Corporation, there can be no assurance that Dundee 360 will have access to the necessary funding to carry out its current business plan.

## **SIGNIFICANT INVESTMENTS ACCOUNTED FOR UNDER THE EQUITY METHOD**

The Corporation holds investments that are accounted for using the equity method, and these investments are separately disclosed in the Corporation's consolidated statements of financial position as "*Equity Accounted Investments*". These investments are initially recorded at the Corporation's cost of acquisition. Subsequently, the original cost of each investment is increased or decreased in proportion to the Corporation's share of earnings or losses generated by the investee and to reflect the Corporation's share of the investee's other comprehensive income or loss.

### **Equity Accounted Investments at June 30, 2018**

At June 30, 2018, the aggregate carrying value of the Corporation's investments that are accounted for using the equity method was \$58.7 million (December 31, 2017 – \$104.7 million). In addition, the Corporation accounts for its investments in real estate joint ventures on an equity basis. These investments had a carrying value of \$6.4 million at June 30, 2018 (December 31, 2017 – \$6.0 million).

<i>As at</i>		June 30, 2018		December 31, 2017	
Trade		Ownership	Carrying Value	Ownership	Carrying Value
<b>Publicly Listed Equity Accounted Investment</b>					
ODX	Odyssey Resources Limited	31%	\$ -	31%	\$ -
<b>Privately Held Equity Accounted Investments</b>					
	Android Industries, LLC	20%	22,884	20%	24,322
	Cambridge Medical Funding Group II, LLC	50%	-	50%	-
	Dundee Acquisition Ltd.	98%	243	98%	(381)
	Dundee Sarea Acquisition I Limited Partnership	33%	18,898	33%	16,713
	Dundee Sarea Limited Partnership	21%	(101)	21%	91
	Dundee Securities Europe Limited	20%	803	n/a	-
	Paragon Holdings (Smithe Street) ULC (i)	50%	-	50%	52,592
	Union Group International Holdings Limited	40%	16,016	40%	11,424
			58,743		104,761
<b>Real estate joint ventures</b>			6,358		5,976
			<b>\$ 65,101</b>		<b>\$ 110,737</b>

(i) The Corporation holds a 50% interest in Paragon Holdings (Smithe Street) ULC which holds a 71% interest in the Parq Vancouver Limited Partnership, a casino and resort facility located in Vancouver, British Columbia. The Corporation has an effective 37% interest in the underlying assets, before any changes in ownership that may result from the exercise of the Corporation's conversion rights on its preferred unit ownership associated with the holding structure of Parq Vancouver Limited Partnership.

#### Continuity in the Corporation's Portfolio of Equity Accounted Investments\*

	For the three months ended June 30, 2018	For the six months ended June 30, 2018
Carrying value of equity accounted investments, beginning of period	\$ 95,831	\$ 104,761
<b>Transactions during the period ended June 30, 2018</b>		
Cash invested in equity accounted investments	1,325	1,800
Share of loss from equity accounted investments	(38,575)	(48,734)
Share of other comprehensive income from equity accounted investments	(641)	113
Transfer from consolidated investment	803	803
<b>Carrying value of equity accounted investments, end of period</b>	<b>\$ 58,743</b>	<b>\$ 58,743</b>

\* Excluding changes in real estate joint ventures.

#### Earnings and Losses from Equity Accounted Investments

	2018			2017		
	Equity Earnings (Losses)	Dilution Gains (Loss)	Total	Equity Earnings (Losses)	Dilution Gains (Loss)	Total
Android Industries, LLC	\$ (914)	\$ -	\$ (914)	\$ (82)	\$ 176	\$ 94
Cambridge Medical Funding Group II, LLC	-	-	-	(64)	-	(64)
Cambridge Medical Capital Services LLC	-	-	-	(594)	-	(594)
Dundee Acquisition Ltd.	624	-	624	2,094	-	2,094
Dundee Sarea Acquisition I Limited Partnership	385	-	385	585	-	585
Dundee Sarea Limited Partnership	(192)	-	(192)	(7)	(56)	(63)
Paragon Holdings (Smithe Street) ULC	(52,592)	-	(52,592)	4,122	-	4,122
Union Group International Holdings Limited	3,955	-	3,955	(8,065)	-	(8,065)
Others	-	-	-	(16)	-	(16)
	(48,734)	-	(48,734)	(2,027)	120	(1,907)
Real estate joint ventures	(107)	-	(107)	1,159	-	1,159
	<b>\$ (48,841)</b>	<b>\$ -</b>	<b>\$ (48,841)</b>	<b>\$ (868)</b>	<b>\$ 120</b>	<b>\$ (748)</b>

	2018			2017		
	Equity		Total	Equity		Total
	Earnings (Losses)	Dilution Gains (Loss)		Earnings (Losses)	Dilution Gains (Loss)	
Android Industries, LLC	\$ (528)	\$ -	\$ (528)	\$ (196)	\$ 176	\$ (20)
Cambridge Medical Funding Group II, LLC	-	-	-	(14)	-	(14)
Cambridge Medical Capital Services LLC	-	-	-	(594)	-	(594)
Dundee Acquisition Ltd.	623	-	623	(66)	-	(66)
Dundee Sarea Acquisition I Limited Partnership	(405)	-	(405)	537	-	537
Dundee Sarea Limited Partnership	(132)	-	(132)	(41)	-	(41)
Paragon Holdings (Smithe Street) ULC	(38,822)	-	(38,822)	2,936	-	2,936
Union Group International Holdings Limited	689	-	689	(2,654)	-	(2,654)
Others	-	-	-	(18)	-	(18)
	(38,575)	-	(38,575)	(110)	176	66
Real estate joint ventures	1	-	1	42	-	42
	\$ (38,574)	\$ -	\$ (38,574)	\$ (68)	\$ 176	\$ 108

### Significant Developments in Equity Accounted Investments

A full description of the nature of business activities of each of the Corporation's equity accounted investments is provided on pages 40 through 49 of the MD&A accompanying the 2017 Audited Consolidated Financial Statements.

#### *Union Group International Holdings Limited ("Union Group")*

Union Group ([www.uniongrp.com](http://www.uniongrp.com)) is a holding company with strategic investments in the power generation, oil and gas, infrastructure and logistics, agriculture, minerals and real estate sectors, in Latin American countries such as Uruguay, Columbia, Peru and Paraguay. At June 30, 2018, Union Group's primary asset consisted of the holding of 40 million common shares of ICC Labs Inc. (see below), representing approximately 29% of the issued and outstanding shares, with a trading value of approximately \$57.2 million. Union Group's holdings in ICC are currently subject to escrow arrangements under the rules of the TSX Venture Exchange.

In March 2018, Union Group launched Union Acquisition Corp. (NYSE: LTN), a newly formed blank check company formed for the purpose of effecting a business combination of prospective target businesses, preferably but not limited to, entities in Latin America. Union Acquisition Corp. successfully raised US\$115 million during the initial public offering. There is no guarantee that Union Acquisition Corp. would be able to consummate a business combination in the 21-month timeframe set out in its listing prospectus. Union Group holds 1.6 million founders' shares of Union Acquisition Corp.

#### *Union Group's Investment in ICC Labs Inc. (TSX: ICC.V)*

In April 2016, Union Group acquired a 50% interest in ICC Labs Inc. ("ICC") ([www.icclabs.com](http://www.icclabs.com)), an Uruguay-based, fully-licensed producer and distributor of recreational cannabis and cannabinoid extracts (including cannabidiol (CBD) used for medicinal purposes).

During the second quarter of 2018, ICC announced it had completed its first outdoor harvest of hemp which was planted on approximately 430 acres of land distributed between its Canelones and Flores sites in Uruguay. ICC also noted that the Government of Uruguay through its regulatory authority IRCCA (Cannabis Regulation and Control Institute) had granted the company an additional land package of approximately 55,000 square foot in order to increase its production capacity.

ICC also announced that it had entered into a term sheet with Sundial Growers Inc. ("Sundial"), a Health Canada ACMPR-approved licensed producer of medicinal cannabis, for the sale by ICC of up to 250,000 grams of CBD crystals per year for distribution by Sundial in the Canadian and international markets, subject to ICC completing its Good Manufacturing Practices (GMP) certified laboratory and Sundial obtaining its sales license.

ICC also announced that it had entered into a letter of intent with Eurofarma Uruguay S.A. ("Eurofarma"), a member of the Eurofarma group of companies which is a Brazilian-owned multinational pharmaceutical producer. Pursuant to the letter of intent, the parties have agreed to negotiate definitive commercial agreements pursuant to which Eurofarma will blend, bottle and package, in accordance with GMP, for sale by ICC, various products derived from ICC's CBD extracts.

ICC also announced that it had signed a letter of intent with CanPharma GmbH (“CanPharma”), a licensed importer and wholesaler of narcotics in the Federal Republic of Germany. Through its relationship with CanPharma, ICC intends to export CBD isolates, oils and other derivatives as well as various medicinal tetrahydrocannabinol (THC) cannabis products, including dried flowers and cannabis extracts to the German market from its facilities in Uruguay and Colombia.

In March 2018, ICC announced the acquisition of Global Group Kalapa S.L. (“Kalapa”), headquartered in Spain. In accordance with the term sheet signed, the company will acquire an initial 25% equity stake in Kalapa at an agreed upon valuation of €3.5 million to be paid with a combination of cash, pure CBD produced by ICC, and common shares of ICC valued at an agreed upon price per common share of \$1.40. In addition, ICC will be granted an option to acquire the remaining 75% of Kalapa at the same valuation prior to the end of 2018 in a combination of cash and securities of ICC. The closing of the investment remains subject to customary closing conditions, including regulatory approvals, negotiating and entering into definitive transaction documents and the completion of due diligence.

In January 2018, ICC announced that it will increase the proposed production at its CBD extraction facility being constructed in Uruguay from 50,000 kilograms per year of dry cannabinoid flowers to 150,000 kilograms per year by purchasing a second line supercritical fluid CO<sub>2</sub> extractor. The company intends to produce up to eight million 30-millilitre bottles of BIDIOL with various concentrations and 3,000 kilograms of pure CBD crystals upon completion of its laboratory. The GMP-compliant laboratory is expected to be fully operational by the third quarter of 2018.

ICC also announced that the Ministry of Justice and Law of the Republic of Colombia had granted ICC’s Colombian subsidiary licenses to cultivate psychoactive cannabis plants for domestic and international distribution and to manufacture cannabis derivatives, all for medicinal purposes. The company also announced plans for the construction of a 124,000 square foot greenhouse to cultivate between 8,000 kilograms and 12,000 kilograms of dried psychoactive cannabis flowers during its initial year of production, with quantities increasing upon the establishment of its full production cycle.

At June 30, 2018, the Corporation’s 40% interest in Union Group was valued at \$16.0 million. Accordingly, during the six months then ended, the Corporation recognized earnings of \$4.0 million in respect of its investment in Union Group, representing its share of the market appreciation in the underlying value of Union Group’s investment in ICC. In the first half of the prior year, the Corporation incurred a loss of \$8.1 million in respect of its investment in Union Group. The Corporation has not committed any further funds to Union Group, and it is not subject to any contingent obligations in respect of its investment.

#### ***Paragon Holdings (Smithe Street) ULC (“Paragon Holdings”)***

Paragon Holdings is a joint venture established between the Corporation and Paragon Gaming Inc., a Las Vegas-based casino resort developer and operator. Paragon Holdings holds an indirect 70.86% interest in Parq Holdings Limited Partnership (of which the Corporation’s share is 35.43%), a partnership established for the purpose of developing a Vancouver-based destination resort (“Parq Vancouver”). The Corporation holds an additional 1.30% indirect interest in Parq Holdings Limited Partnership. Parq Vancouver houses the relocated Edgewater Casino, with 600 slot machines and 75 gaming tables. Located immediately adjacent to the B.C. Place Stadium in downtown Vancouver, Parq Vancouver also includes two Marriott-branded luxury hotels with 517 rooms, a 60,000 square foot conference centre, a spa, five restaurants, three lounges, and a parking facility with 1,069 spaces.

The remaining 27.84% indirect interest in Parq Vancouver is owned by PBC VUR Limited Partnership (“PBC”), a partnership managed by PBC Real Estate Advisors Inc., an asset management company engaged in pursuing, developing, acquiring, funding and managing various real estate assets including land, real property and mortgages on behalf of its institutional client base.

Parq Vancouver opened its doors on September 29, 2017, and it became fully operational in January 2018. The initial ramp up of operations has been slower than anticipated due to a number of factors, including the regulatory cost and business impact of new anti-money laundering regulations applicable to casinos in British Columbia, which were implemented in December 2017.

During the first half of 2018, Parq Vancouver incurred a net loss of \$80.8 million (six months ended June 30, 2017 – earnings of \$11.2 million), of which \$30.2 million (six months ended June 30, 2017 – earnings of \$4.1 million) is attributed to the

Corporation. The operating loss for the first half of 2018 was \$13.9 million (six months ended June 30, 2017 – operating earnings of \$3.5 million), including amortization of \$18.2 million (six months ended June 30, 2017 – \$0.3 million) which was attributable to operating the resort on a “fully open” basis for the first time. Operational expenses during this initial ramp up period also included training and additional supervisory expenses, as well as higher marketing costs to further advance the initial launch of the resort project.

As at June 30, 2018, based on the current valuation resulting from changes in the estimated long-term forecast of the Parq Vancouver, the Corporation recognized an impairment charge of \$22.3 million to reduce its carrying value in Paragon Holdings to \$nil.

*(in millions of dollars)*

<i>Source of revenue and other items in net earnings or loss for the six months ended June 30,</i>	Amounts attributable to		Amounts attributable to	
	2018	Dundee Corporation	2017	Dundee Corporation
Resort operations:				
Revenue	\$ 82.0	\$ 30.8	\$ 33.6	\$ 12.6
Other items in net (loss) earnings	(95.9)	(36.0)	(30.1)	(11.3)
	(13.9)	(5.2)	3.5	1.3
Deferred taxes	(1.8)	(0.7)	(0.9)	(0.3)
Interest expense	(52.0)	(19.5)	-	-
Foreign exchange (loss) gain	(26.6)	(9.9)	17.4	6.5
Gain (loss) from fair value changes in derivative instruments	13.5	5.1	(8.8)	(3.4)
	\$ (80.8)	\$ (30.2)	\$ 11.2	\$ 4.1

*(in millions of dollars)*

<i>Source of revenue and other items in net earnings or loss for the three months ended June 30,</i>	Amounts attributable to		Amounts attributable to	
	2018	Dundee Corporation	2017	Dundee Corporation
Resort operations:				
Revenue	\$ 43.4	\$ 16.3	\$ 16.9	\$ 6.3
Other items in net (loss) earnings	(50.3)	(18.9)	(15.0)	(5.6)
	(6.9)	(2.6)	1.9	0.7
Deferred taxes	(0.9)	(0.4)	(0.5)	(0.2)
Interest expense	(29.0)	(10.9)	-	-
Foreign exchange (loss) gain	(11.7)	(4.5)	12.8	4.8
Gain (loss) from fair value changes in derivative instruments	5.2	2.0	(6.2)	(2.4)
	\$ (43.3)	\$ (16.4)	\$ 8.0	\$ 2.9

Interest expense on debt and preferred units was \$52.0 million in the first half of 2018. Prior to commencement of operations, interest was capitalized to the cost of the Parq Vancouver project. Capitalized interest during the first half of 2017 was \$35.6 million.

The remaining portion of the loss during the first six months of 2018 is attributable to a foreign exchange loss. Parq Vancouver’s debt facilities are denominated in US dollars. During the first half of 2018, Parq Vancouver recognized foreign exchange losses of \$26.6 million compared with foreign exchange gains of \$17.4 million in the first half of the prior year.

Given the initial results of operations, on March 29, 2018, two of the existing partners funded an additional \$33.4 million into the project in the form of Class F Preferred Units in order to meet construction, interest, and hedging payment requirements due in March 2018. The Class F Preferred Units rank in priority to all other preferred unit classes and have similar characteristics, other than a preferential interest of 20%, and enhanced conversion options. The Corporation’s share of the additional funding was \$17.4 million, with PBC funding the balance of the amount. Paragon Gaming Inc. did not participate in the most recent financing. The Corporation provided an additional \$15.5 million in the form of a 20% convertible promissory note during the second quarter of 2018. The convertible promissory note matures on October 1, 2018. On or after the maturity date, the

Corporation may elect to convert all of the amounts outstanding, including interest thereon, into Class G limited partnership units of Parq Equity Limited Partnership (“Class G Units”), at a conversion price of \$1.0772 per Class G Unit.

*Capitalization of Parq Vancouver*

	Amount		Invested by Dundee Corporation
First Lien Term Loan	\$	356,831 37%	\$ -
Second Lien Term Loan		189,478 20%	-
Promissory Note		15,500 100%	15,500
<b>TOTAL DEBT</b>	\$	561,809 59%	\$ 15,500
Class C Convertible Preferred	\$	84,251 9%	\$ 40,683
Class D Convertible Preferred		4,935 1%	2,467
Class E Convertible Preferred		10,000 1%	5,000
Class F Convertible Preferred		39,411 4%	23,411
<b>TOTAL CONVERTIBLE PREFERRED</b>	\$	138,597 14%	\$ 71,561
Market Capitalization			
Class A	\$	209,327 22%	\$ 37,500
Class B		47,168 5%	17,325
<b>TOTAL COMMON EQUITY</b>	\$	256,495 27%	\$ 54,825
<b>TOTAL PROJECT CAPITALIZATION</b>	\$	956,901 100%	\$ 141,886

The Class C, Class D, Class E and Class F Preferred Units described above have been designated for accounting purposes as financial instruments at FVTPL (see “*Other Portfolio Investments*”). On a fully converted basis, the Corporation holds a 45.4% interest in Parq Vancouver, while Paragon Gaming Inc. owns a 22.6% fully converted interest, and PBC owns a 32.0% fully converted interest.

A key aspect of the Corporation’s investment in Parq Vancouver is the refinancing of existing debt with an interest burden commensurate with an operating entity and free of construction risk. Furthermore, and until current debt arrangements are refinanced, Parq Vancouver may require additional injections of cash from its equity partners in order to fund shortfalls in its operations. There can be no assurance that Parq Vancouver will have access to revised financing on more favourable terms or at all, or that the Corporation and its equity partners will have access to the necessary capital to fund any shortfalls. The Corporation continues to carefully monitor its investment in Parq Vancouver.

***Android Industries, LLC (“Android”)***

The Corporation holds a 20% interest in Android ([www.android-ind.com](http://www.android-ind.com)), a private company and leading high technology-enabled assembler and sequencer of complex assemblies for the automotive industry headquartered in Michigan, United States.

Android continues to expand its business internationally with facilities in the U.S., Canada, Mexico, Spain, Brazil, Turkey, Italy and China. During the past two years, Android has been awarded new multi-year manufacturing contracts which are being deployed at several of Android’s existing and new production facilities. The capital requirements associated with these new contracts is significant and will continue to be deployed through 2018 and into 2020. It is expected that the new contracts and better customer alignment will result in additional value-added growth opportunities for the company, and it is expected to generate higher levels of sales and earnings beginning in late 2018.

During the first half of 2018, the Corporation reported a loss of \$0.9 million as its share of losses from its investment in Android (six months ended June 30, 2017 – \$0.1 million).

***Dundee Sarea Acquisition I Limited Partnership***

Dundee Sarea Fund will use the capital advanced by its limited partners to invest in companies requiring turn-around expertise in North America and Europe, with a focus on manufacturing, distribution, industrial products, agriculture, oil & gas and forestry-related industries. The Corporation currently holds a 33% interest in this venture and it has committed capital of \$21.0 million of

which, as at June 30, 2018, it had already funded or otherwise provided for \$20.9 million, including an investment of \$1.8 million made during the first half of 2018.

At June 30, 2018, Dundee Sarea Fund's sole investment consisted of a 100% ownership in Redecam Group S.p.A. ("Redecam"). Based in Milan, Italy, Redecam designs, manufactures and installs highly engineered air pollution control solutions helping customers all over the globe meet their air emission reduction targets rapidly and cost-effectively. Over the past 30 years, Redecam has designed, manufactured, installed and commissioned new market-leading industrial air filtration and flue gas treatment systems that consistently outperform and outlast the competition. Over its history, it has completed over 2,000 projects in more than 85 countries and on every continent. They also specialize in customized retrofit, transformation and upgrade solutions, which use clients' existing equipment's casing and parts and offer them a cost-effective, high performance solution with a quick turnaround.

During the first half of 2018, the Corporation's share of earnings from its investment in Dundee Sarea Fund was \$0.4 million (six months ended June 30, 2017 – \$0.6 million).

#### ***Dundee Securities Europe Limited ("DUK")***

In connection with the sale of 80% of the business of DUK on April 1, 2018 (see "*Segmented Results of Operations – Dundee Securities Ltd.*"), the Corporation retained 1,968,000 class A voting shares and 450,000 class B 10% non-cumulative preference shares of DUK, which represented a 20% voting interest in DUK, the Corporation determined that it still has significant influence over the investment and accordingly, this investment is accounted for using the equity method.

The Corporation did not recognize any earnings or loss from its investment in DUK during the first half of 2018.

## **OTHER PORTFOLIO INVESTMENTS**

### **Portfolio of Investments at June 30, 2018**

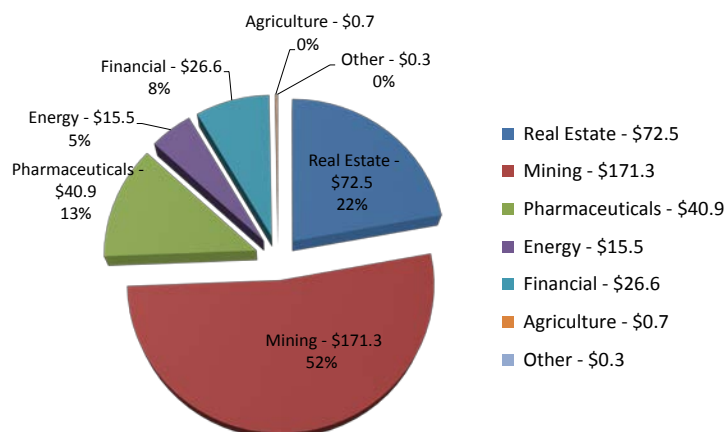
	<i>Ticker Symbol</i>	<i>(000's) # of Shares Held</i>	<i>Per Share Price</i>	<i>Market Value as at June 30, 2018</i>
<b>Publicly Traded Securities</b>				
Dundee Precious Metals Inc.	DPM	36,381.6	\$3.14	\$ 114,238
eCobalt Solutions Inc.	ECS	16,352.9	\$1.09	17,776
Others				32,349
				164,363
<b>Private Investments (note 1)</b>				
TauRx Pharmaceuticals Ltd.				40,899
Parq Equity Limited Partnership - Class C, Class D, Class E and Class F Preferred Units				55,562
Red Leaf Resources Inc.				13,522
Others				15,917
				125,900
<b>Debt Securities</b>				
Debt Securities Owing from Public Enterprises (note 1)				6,426
Debt Securities Owing from Private Enterprises (note 1)				30,893
				37,319
<b>Warrants and Options (note 1)</b>				
Warrants or options on shares of publicly listed enterprises				223
				223
<b>TOTAL – PORTFOLIO INVESTMENTS</b>			<b>\$</b>	<b>327,805</b>

1. *These investments are not traded on a prescribed exchange, therefore, market values of these investments were determined by application of valuation methodologies appropriate for such investments (see note 26 to the 2017 Audited Consolidated Financial Statements for further information on valuation methodologies applied for such investments).*

At June 30, 2018, the Corporation's portfolio of investments continued to include several public and private investments, as well as certain debt securities across a variety of industry sectors.



**Investments by Industry Sector at Market Value (\$ Millions)  
as at June 30, 2018**



At June 30, 2018, the estimated market value of the Corporation's portfolio of investments carried at FVTPL was \$327.8 million, a decrease of \$57.4 million from an estimated market value of these investments of \$385.2 million at December 31, 2017.

	<i>For the three months ended June 30, 2018</i>	<i>For the six months ended June 30, 2018</i>
Market value of portfolio investments, beginning of period	\$ 352,272	\$ 385,193
<b>Transactions during the period ended June 30, 2018</b>		
New investments	16,180	33,591
Proceeds from sales of investments	(24,532)	(67,499)
Changes in market values		
Dundee Precious Metals Inc.	3,275	5,458
eCobalt Solutions Inc.	(6,430)	(14,279)
Parq Equity Limited Partnership	(10,000)	(10,000)
Others	(2,941)	(6,089)
Other transactions	(19)	1,430
<b>Market value of portfolio investments, end of period</b>	<b>\$ 327,805</b>	<b>\$ 327,805</b>

During the six months ended June 30, 2018, the Corporation generated proceeds of \$67.5 million from the sale of various investments which were deemed to be non-strategic to its ongoing business strategy.

	<i>During the six months ended June 30, 2018</i>
<i>Proceeds generated from the sale of investments in the following sectors:</i>	
<b>Publicly Traded Securities</b>	
Mining	\$ 18,963
Energy	10,403
Real estate	7,219
Other	7,792
<b>Private Investments</b>	
Financial	9,236
Real estate	56
<b>Debt</b>	
Mining	10,471
Energy	3,359
<b>Total Proceeds Generated</b>	<b>\$ 67,499</b>

Approximately \$32.9 million of proceeds generated were reinvested into the Corporation's Parq Vancouver resort and casino project, including \$17.4 million investment in Class F Preferred Units and \$15.5 million investment in promissory note (see "*Significant Developments in Equity Accounted Investments – Paragon Holdings (Smithe Street) ULC*").

Changes in market values of portfolio investments during the first half of 2018 resulted in a decrease in the value of the Corporation's portfolio of investments at FVTPL of \$24.9 million.

***Dundee Precious Metals Inc. ("Dundee Precious")***

Dundee Precious ([www.dundeeprecious.com](http://www.dundeeprecious.com)) is a Canadian based, international gold mining company engaged in the acquisition of mineral properties, exploration, development, mining and processing of precious metals. Dundee Precious' operating assets include the Chelopech operation, which produces a copper concentrate containing gold and silver and a pyrite concentrate containing gold, located east of Sofia, Bulgaria; and the Tsumeb smelter, a complex copper concentrate processing facility located in Namibia. Dundee Precious also holds interests in a number of developing gold and exploration properties located in Bulgaria, including the Krumovgrad gold project, which started construction in the fourth quarter of 2016 and is expected to commence production in the fourth quarter of 2018, Canada, Serbia and Armenia, and its 10% interest in Sabina Gold & Silver Corp.

During the first half of 2018, Dundee Precious produced gold on an all-in sustaining cost basis of US\$601 per ounce, on a consolidated basis. Gold production in the first six months of 2018 increased by 6% to 105,603 ounces, and copper production increased by 6% to 17.8 million pounds compared with the same period of the prior year. The increase in gold production was due primarily to higher gold recoveries and higher than anticipated gold grades. The increase in copper production was due primarily to higher copper grades. The Tsumeb smelter achieved total complex concentrate smelted of 100,551 tonnes in the first six months of 2018, which was essentially the same as the corresponding period in 2017. Dundee Precious reported total revenues of US\$189.8 million in the first half of 2018, and it reported net earnings attributable to its common shareholders of US\$19.1 million.

Dundee Precious is reporting that construction of the Krumovgrad gold project remains on schedule, with first concentrate production forecasted in the fourth quarter of 2018. At June 30, 2018, Dundee Precious had cash resources of US\$250 million, including undrawn capacity under its revolving credit facility.

Dundee Corporation holds 36.4 million common shares of Dundee Precious with a market value at June 30, 2018 of \$114.2 million.

***eCobalt Solutions Inc. ("eCobalt")***

eCobalt is a mineral exploration and mine development company listed on the TSX under the symbol "ECS". The company is engaged in the business of exploring mineral properties in Canada, the United States and Mexico. The company's primary project, located in Idaho, is the 100% owned Idaho Cobalt Project ("ICP"), comprised of the primary high grade cobalt deposit, and the partially completed mine site and mill located in Lemhi County, outside of the town of Salmon, Idaho, and a cobalt production facility ("CPF") to be constructed in southern Idaho.

On June 25, 2018, eCobalt provided an update on the status of its Optimized Feasibility Study ("OFS") originally slated for release in the quarter under review. Results from the metallurgical testwork, which have now been carried out indicate that the ICP ore is more amenable to a rotary kiln design and not the traditional fluidized bed roaster as earlier modeled. The anticipated changes to the roasting portion of the flowsheet require more time to be developed to a feasibility level of confidence and thus the delivery of the OFS is now scheduled for the third quarter of 2018.

On April 23, 2018, eCobalt announced that it had ramped up pre-construction activities at ICP. The company noted that delivery of water treatment plant components had commenced and that construction contracts had been awarded for the water management ponds; building pads for the concentrator, mill and water treatment plant; quality assurance/quality control for all earthworks and concrete; fuel island; gravel haul and potable water wells.

On February 7, 2018, eCobalt announced a new resource and reserve. Total measured and indicated resources increased to 3.87 million tons at 0.59% cobalt, compared to 3.44 million tons at 0.59% cobalt. Inferred resources increased to 1.82 million tons at 0.46% cobalt from 1.54 million tons at 0.50% cobalt. These results will be incorporated into the new OFS.

On January 10, 2018, eCobalt announced that it had shipped three tons of a bulk mineralized sample of ICP resource for pilot level metallurgical testing at Dundee Technologies' facilities in Quebec. The results of this additional testing is expected to provide feasibility level detailed engineering data to assist in costing and sizing of equipment to produce a clean cobalt concentrate with less than 0.5% arsenic at the CPF. This testing supports the company's optimization efforts to reduce technical risk at the CPF through the development of a simplified flow sheet and is expected to result in a significant reduction in capital and operating expenditures at the facility.

Additional information regarding eCobalt is available at [www.ecobalt.com](http://www.ecobalt.com). At June 30, 2018, the Corporation's investment in eCobalt had a market value of \$17.8 million.

### ***TauRx Pharmaceuticals Ltd. ("TauRx")***

TauRx is a private neuroscience company focused on the discovery, development and commercialization of products for the diagnosis and treatment of neuro-degenerative diseases caused through protein aggregation. The business was established in 2002 with the aim of discovering novel approaches to the treatment and diagnosis of Alzheimer's disease ("AD") as well as other neurological diseases characterized by abnormal aggregation of the Tau protein within the brain.

In late 2016, TauRx completed and announced results for its three-part Phase III clinical trial program designed to test the efficacy and safety of LMTX® in patients with mild to moderate AD and behavioral variant Frontotemporal Dementia ("BvFTD"). The headline results for all three studies were negative as LMTX® failed to slow cognitive or functional decline in the total population of treated subjects. The clinical trials that comprised patients with mild or moderate AD reported a promising sub-group analysis outcome in which patients who received LMTX® as their only AD medication (LMTX® as a monotherapy) demonstrated significant reductions in disease progression as measured both by cognitive and functional test batteries and by MRI imaging of brain atrophy. However, patients that received the drug as an add-on therapy to their current AD medications showed no beneficial effects. This necessitated further trials to be conducted with a focus on LMTX® as a monotherapy.

TauRx initiated discussions with the regulatory authorities in Europe and the U.S. to determine its next steps and concluded that in order to corroborate the positive findings from the aforementioned studies, it would have to undertake a shorter-term study that is fully randomized from the outset to test for clinically meaningful and statistically significant differences between LMTX® taken as a monotherapy and placebo groups. In late 2017, TauRx received regulatory approval to undertake a six-month placebo-controlled study (TRX Study 039 – "Lucidity" study) which encompassed approximately 180 patients with very mild AD and designed with a Fluorodeoxyglucose Positron Emission Tomography (FDG-PET) brain imaging biomarker as the primary endpoint.

In order to fund the new study and bolster its cash reserves, TauRx approved and successfully completed a renounceable rights issue offering in the form of 1.8% non-convertible senior notes, raising US\$70.8 million (US\$70.4 million net) in September 2017.

Subsequent to June 30, 2018, TauRx announced that it had revised the design of TRX Study 039 in light of guidance issued by the US Food and Drug Administration (FDA) and European Medicines Agency (EMA) in February 2018. The new guidance recognizes the importance of treating early stages of AD and offers a clearer regulatory framework for conducting trials in Early AD. The TRX Study 039 protocol is now designed as a three-arm, nine-month placebo-controlled clinical trial program covering a pool of approximately 375 patients with Early AD (prodromal) to mild AD. The extended and enlarged program is also designed to permit/include a meaningful clinical readout with respect to a composite of individual questions sensitive to Early AD selected from validated cognitive and functional test batteries as a gated co-primary outcome. The nine-month timeframe is the shortest treatment period possible to obtain meaningful clinical readouts and takes into account the fact that the patients are required not to take add-on therapies (cholinesterase inhibitors or memantine) in combination with LMTX®. The FDG-PET brain imaging biomarker remains the primary outcome seeking to confirm the efficacy of LMTX® in the patient pool with 150

subjects receiving 4mg of LMTX® twice a day and 150 subjects receiving the placebo. In addition, a further exploratory arm with 75 subjects has been added to see whether a somewhat higher dose of LMTX® (8mg twice a day) provides any additional benefits. TauRx expects its multiple clinical sites would become active under the new protocol from the third quarter of 2018 to the first quarter of 2019.

At June 30, 2018, the Corporation held an approximate 4% interest in TauRx. The Corporation has determined that the fair value of its investment at June 30, 2018 was \$40.9 million. In determining the fair value of its interest, the Corporation applied a value per share of US\$30.60, the equivalent of a 50% discount to the volume-weighted average price of shares issued from treasury during 2015 and 2016. Additional information regarding TauRx may be accessed at [www.taurx.com](http://www.taurx.com).

#### ***Red Leaf Resources Inc. (“Red Leaf”)***

Red Leaf is a privately held oil and gas technology company. Red Leaf’s patented technology, EcoShale, is a next generation oil and gas recovery technology focused on unlocking oil reserves in oil shale deposits. EcoShale extracts oil with relatively low energy consumption, low emissions and low water utilization when compared with other oil shale technologies currently deployed in the world.

In March 2015, Red Leaf announced the suspension of construction of the Early Production System (“EPS”) in order to re-engineer the design. In May 2016, Red Leaf’s partner, Total E&P USA Oil Shale, LLC (“Total”), advised Red Leaf that they were no longer interested in pursuing the commercial development of the EPS project. Red Leaf and Total reached a mutually acceptable separation agreement in March 2017. Engineering studies to design a reusable capsule are scheduled to be completed by the end of 2018 after which the company will seek a strategic partner to commercialize the project.

Dundee Corporation holds a 2% common equity interest and it holds US\$10.0 million of the series A preferred shares in Red Leaf that were acquired in 2010. The Corporation has determined that the fair value of its investment in Red Leaf, including both the common and the preferred shares, was \$13.5 million at June 30, 2018. Additional information regarding Red Leaf may be accessed at [www.redleafinc.com](http://www.redleafinc.com).

#### ***\$15.0 Million Subordinated Loan Advanced to Eight Capital***

At June 30, 2018, the Corporation had advanced \$15.0 million to Eight Capital, a partnership formed by a consortium of individuals that were previously key employees of Dundee Securities’ capital markets division. The loan bears interest at a rate of 10%. In connection with the subordinated loan, the Corporation entered into a royalty agreement with Eight Capital pursuant to which Eight Capital will pay a revenue-based royalty payment to the Corporation, ranging between 1% and 6.5% of revenues generated by Eight Capital over a five-year period commencing in the calendar year ended December 31, 2017, and reducing to between 1% and 2% in each of 2022 and 2023. Under the terms of the royalty agreement, royalty payments will cease, subject to a final royalty payment, if the subordinated loan made by the Corporation to Eight Capital is repaid in full, and in any case, will cease effective December 31, 2023. During the six months ended June 30, 2018, the Corporation received a payment of \$0.3 million as its first royalty payment in respect of the calendar year ended December 31, 2017.

## **OTHER CONSOLIDATED BALANCES AND CAPITAL STRUCTURE**

### **General and Administrative Expenses**

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.

During the first half of 2018, the Corporation reported head office general and administrative expenses (before non-cash stock based compensation) of \$13.7 million, compared with general and administrative expenses of \$6.7 million incurred in the same period of the prior year. The increase in direct compensation was mainly due to higher severance and the timing of bonus expenses incurred during the first half of 2018 compared with the same period of 2017. Leasehold improvement written off, as a result of reduced rental space, during the first half of 2018 primarily accounted for the increase in the other general and administrative expenses.

<i>For the six months ended June 30,</i>	2018		2017	
Direct compensation	\$	8,409	\$	2,846
Corporate and professional fees		1,252		2,000
Other		4,085		1,804
		13,746		6,650
Stock based compensation arrangements		2,716		1,840
	<b>\$</b>	<b>16,462</b>	<b>\$</b>	<b>8,490</b>

Stock based compensation added a further \$2.7 million to general and administrative expenses during the first half of 2018, compared to \$1.8 million incurred in the same period of the prior year. Certain of the Corporation's share incentive arrangements are considered financial obligations of the Corporation and are marked-to-market in the consolidated financial statements to reflect changes in such underlying financial obligations. The terms of the Corporation's share incentive arrangements are detailed in note 21 to the 2017 Audited Consolidated Financial Statements.

### Corporate Interest Expense

Corporate interest expense was \$2.7 million during the six months ended June 30, 2018, a \$1.4 million decrease from the \$4.1 million incurred in the same period of the prior year. Included in interest expense during the first half of 2018 are cash dividends incurred on the Corporation's Preference Shares, series 5 of \$3.1 million (six months ended June 30, 2017 – \$3.4 million), net of associated amortization amounts of \$0.7 million (six months ended June 30, 2017 – \$0.6 million). The balance of interest expense relates in 2018 predominantly to interest charges, including standby fees and arrangements fees, on any amounts borrowed under available credit facilities.

### Income Tax Recovery

The Corporation's effective income tax recovery rate was 2.38% during the six months ended June 30, 2018 (six months ended June 30, 2017 – effective income tax expense rate of 122.7%). This effective income tax recovery rate is lower than the statutory combined federal and provincial tax rate of 26.5% primarily due to operating losses incurred by certain subsidiaries and losses recognized in respect of an equity accounted investment, the benefit of which was not recognized.

### Net Deferred Income Tax Assets

The Corporation's net deferred income tax assets at June 30, 2018 were \$33.5 million and represent deferred income tax assets of \$59.7 million, offset by deferred income tax liabilities of \$26.2 million. This compares to net deferred income tax assets of \$26.3 million at December 31, 2017. Net deferred income tax assets increased as a result of changes in the fair value of the Corporation's investments. Components of the Corporation's net deferred income tax assets are detailed in note 21 to the June 2018 Interim Consolidated Financial Statements.

The Corporation's aggregate non-capital loss carry forwards at June 30, 2018 were \$527.7 million (December 31, 2017 – \$505.2 million). In addition, the Corporation's capital loss carry forwards at June 30, 2018 were \$234.4 million (December 31, 2017 – \$231.9 million). Included in the Corporation's deferred income tax balances is a tax benefit of \$51.1 million (December 31, 2017 – \$49.8 million) in respect of the non-capital and capital loss carry forwards. A deferred income tax asset amount related to loss carry forwards is only recognized when management believes that it is more likely than not that the benefit will be realized.

### Corporate Debt

	Corporate*	Blue Goose	Dundee 360	Total
Balance, December 31, 2017	\$ -	\$ 60,015	\$ 95	\$ 60,110
Repayments	-	(5,701)	(22)	(5,723)
<b>Balance, June 30, 2018</b>	<b>\$ -</b>	<b>\$ 54,314</b>	<b>\$ 73</b>	<b>\$ 54,387</b>

\* In addition, the Corporation has issued letters of credit in the amount of \$3.7 million that may be drawn under certain circumstances.

On April 27, 2017, the Corporation established an \$80 million revolving term credit facility with a Canadian Schedule I Chartered Bank. The revolving term credit facility bears interest at a rate per annum equal to the prime lending rate for loans plus 1.50% or, at the Corporation's option, at the prevailing bankers' acceptance rate or London Interbank Offered Rate plus 2.50%. Unused amounts under the revolving term credit facility are subject to an annual standby fee of 0.50%. On April 26,

2018, the Corporation amended the terms of the revolving term credit facility by reducing the amounts available from \$80 million to \$20 million and by extending the maturity date from April 26, 2018 to June 26, 2018. The maturity date was further extended to August 26, 2018. All other terms and conditions of the revolving term credit facility remain unchanged.

At June 30, 2018, the Corporation had issued letters of credit in the amount of €2.4 million (Cdn\$3.7 million) under the terms of the revolving term credit facility to support certain of its equity accounted investments. There were no further amounts drawn against the credit facility at June 30, 2018 and December 31, 2017.

The Corporation had granted a first ranking security over all of its assets as security against amounts borrowed under its expired revolving term credit facility. In addition to certain customary restrictions, including restrictions on the existence of other secured indebtedness, the Corporation's revolving term credit facility requires the maintenance of certain financial ratios relating to the fair value of certain of the Corporation's investments. Therefore, the Corporation's borrowing availability increased or decreased, reflecting corresponding increases or decreases in the fair value of the Corporation's investments. At June 30, 2018, the Corporation was in compliance with all debt covenants under the terms of its credit facility.

### Debt of Subsidiaries

A more detailed discussion of corporate debt in each of the Corporation's business segments is presented under "Segmented Results of Operations".

### Share Capital

#### Preference Shares

At June 30, 2018, the Corporation's outstanding preference share arrangements were as follows:

Trade Symbol	Series	# of Shares Outstanding	Face Value per Share	Total Face Value	Coupon Rate	Carrying Value
DC.PR.B	Series 2	3,479,385	\$25.00	\$86,985	5.688% – 5-year fixed rate to Sept 09, 19	\$84,053 equity instrument
DC.PR.D	Series 3	1,720,615	\$25.00	\$43,015	4.97% to 5.27% – quarterly floating rate	\$43,015 equity instrument
DC.PR.E	Series 5	3,294,938	\$25.00	\$82,373	7.50% – fixed rate maturing Jun 30, 19	\$82,943 debt instrument

On January 31, 2018, and pursuant to the terms of the Corporation's Preference Shares, series 5, the Corporation redeemed 303,265 shares, being all such shares tendered for redemption. The Preference Shares, series 5 were redeemed at a price of \$25.00 per share, or \$7.6 million in aggregate, plus accrued and unpaid dividends of \$49,000. Following completion of the partial redemption, a total of 3,294,938 Preference Shares, series 5, with a par value of \$82.4 million, remain issued and outstanding.

A full description of the terms of the Corporation's preference shares is provided in note 17 to the 2017 Audited Consolidated Financial Statements.

#### Common Shares

As at June 30, 2018, there were 55,907,595 Class A subordinate voting shares and 3,114,804 Class B common shares outstanding. At August 14, 2018, the number of outstanding Class A subordinate voting shares had increased to 57,985,136 following the redemption of deferred share units. In addition, at June 30, 2018 and August 14, 2018, there were 1,421,124 warrants outstanding. Each warrant may be exercised to acquire one Class A subordinate voting share at an exercise price of \$6.00 per share.

At June 30, 2018, the Corporation had awarded 1,316,048 deferred share units under its deferred share unit plan, each deferred share unit of which tracks the value of the Corporation's Class A subordinate voting shares and 1,129,910 deferred share units that track the value of a class A subordinate voting share of Dream Unlimited Corp.

In addition, and under the terms of the Corporation's share incentive arrangements, at June 30, 2018, the Corporation had awarded an aggregate of 944,245 Class A subordinate voting share bonus rights under its share bonus plan, each of which is

subject to certain vesting criteria. The terms of the Corporation's share based compensation arrangements are summarized in note 21 to the Corporation's 2017 Audited Consolidated Financial Statements and are updated in note 19 to the June 2018 Interim Consolidated Financial Statements.

## CONSOLIDATED LIQUIDITY AND CAPITAL RESOURCES

On a consolidated basis, the Corporation reported cash of \$57.5 million at June 30, 2018, excluding cash of \$2.9 million that was attributed to discontinued operations and classified as held-for-sale. This compares with cash of \$75.3 million at December 31, 2017. The following table illustrates the Corporation's consolidated cash flow on a segmented basis, including net cash flow movements between Dundee Corporation and each of its operating segments.

<i>For the six months ended June 30, 2018</i>	Opening Cash	Operating Activities	Investing Activities	Financing Activities	Intersegment	Closing Cash
<i>Corporate and other portfolio holdings</i>	\$ 40,475	\$ (13,063)	\$ 31,629	\$ (11,148)	\$ (17,344)	\$ 30,549
<i>Asset management and capital markets</i>						
Goodman & Company, Investment Counsel Inc.	2,710	(3,454)	(1,812)	-	5,822	3,266
Dundee Securities Ltd.	17,832	(4,762)	949	-	(1,608)	12,411
<i>Resource industry</i>						
Dundee Energy Limited	32	(701)	-	-	833	164
Dundee Energy Limited Partnership	3,736	(92)	(33)	(714)	-	2,897
United Hydrocarbon International Corp.	9,190	(4,019)	-	-	-	5,171
Dundee Sustainable Technologies Inc.	495	(428)	-	77	900	1,044
Eurogas International Inc.	1	(196)	-	-	199	4
<i>Agriculture industry</i>						
Blue Goose Capital Corp.	861	(1,630)	(2,402)	(5,718)	9,894	1,005
AgriMarine Holdings Inc.	(66)	(330)	(61)	-	460	3
<i>Real estate industry</i>						
Dundee 360 Real Estate Corporation	3,748	(259)	(464)	(22)	844	3,847
	79,014	(28,934)	27,806	(17,525)	-	60,361
Less: Discontinued operations						
Dundee Energy Limited Partnership	(3,736)	92	33	714	-	(2,897)
	\$ 75,278	\$ (28,842)	\$ 27,839	\$ (16,811)	\$ -	\$ 57,464

Included in the Corporation's consolidated cash balance is \$15.7 million of cash used in the operating businesses of the Corporation's wealth management and brokerage subsidiaries. These subsidiaries function in regulated environments and are therefore required to maintain levels of capital in liquid assets, in accordance with such regulatory requirements. The ability to transfer cash resources out of these regulated subsidiaries may be limited by their requirement to comply with regulatory capital requirements. At June 30, 2018 and December 31, 2017, the Corporation's regulated subsidiaries exceeded their minimum regulatory capital requirements.

A more detailed discussion of significant transactions affecting cash flows during the six months ended June 30, 2018 and 2017 is provided below.

### Significant Cash Flows – Operating Activities

<i>For the six months ended June 30,</i>	Corporate	Dundee Securities	UHC	Blue Goose	Dundee 360	Other	Total 2018	2017
<i>Operating activities:</i>								
Adjusted net earnings or loss*	\$ (13,127)	\$ (2,473)	\$ (456)	\$ (4,645)	\$ (1,286)	\$ 770	\$ (21,217)	\$ (20,514)
Changes in client account balances	-	(261)	-	-	-	-	(261)	(19,582)
Changes in agricultural inventory	-	-	-	2,894	-	(4,397)	(1,503)	(1,781)
Changes in other working capital amounts	1,422	(2,303)	(3,563)	121	999	(1,482)	(4,806)	(14,566)
Changes in income taxes	(1,358)	275	-	-	28	-	(1,055)	(2,212)
<i>Cash used in operating activities –</i>								
Continuing operations	\$ (13,063)	\$ (4,762)	\$ (4,019)	\$ (1,630)	\$ (259)	\$ (5,109)	\$ (28,842)	\$ (58,655)

\* Adjusted net earnings (or loss) are equal to net earnings (or loss) adjusted for items not affecting cash and other adjustments.

- Changes in cash related to the Corporation's brokerage activities, including changes in client account balances and brokerage securities owned and sold short, will vary significantly on a day-to-day basis to reflect the underlying business activities undertaken in that period and do not necessarily reflect any meaningful change in the subsidiaries' financial position. Changes in these balances during the first half of 2018 resulted in net cash outflows of \$0.3 million (six months ended June 30, 2017 – \$19.6 million).
- During the first six months of 2018, changes in the balances of agricultural inventory resulted in net cash outflows of \$1.5 million (six months ended June 30, 2017 – \$1.8 million).

#### Significant Cash Flows – Investing Activities

For the six months ended June 30,	Corporate	Dundee Securities	UHC	Blue Goose	Dundee 360	Other	Total 2018	2017
Investing activities:								
Net proceeds from dispositions of portfolio investments	\$ 32,108	\$ -	\$ -	\$ -	\$ (411)	\$ -	\$ 31,697	\$ 120,098
Net investment in resource assets	-	-	-	-	-	-	-	(45)
Net investment in livestock and other agricultural assets (Disbursement of) proceeds from cash in business dispositions	-	-	-	(2,117)	-	-	(2,117)	(3,606)
Other investment activities	(479)	1,921	-	(285)	(53)	(1,873)	(769)	1,464
Cash provided from (used in) investing activities –								
Continuing operations	\$ 31,629	\$ 949	\$ -	\$ (2,402)	\$ (464)	\$ (1,873)	\$ 27,839	\$ 118,304

- During the six months ended June 30, 2018, the Corporation generated proceeds of \$67.5 million from its corporate portfolio. Approximately \$33.6 million of the proceeds were reinvested back into the corporate portfolio, including \$17.4 million invested into Class F convertible preferred units and \$15.5 million promissory note associated with the Corporation's Parq Vancouver casino and resort project. During the first half of the prior year, portfolio trading activities generated net cash inflows of \$120.1 million. Cash required or derived from trading in the Corporation's investment portfolio, including equity accounted investments, will vary from period to period and is dependent on trading activity and strategies that may evolve in response to global market conditions or otherwise.
- Blue Goose invested \$2.1 million in agricultural assets during the first six months of 2018, compared with \$3.6 million in the same period of the prior year.
- During the first half of 2018, the sale of 80% of Dundee Securities Europe Limited resulted in a cash outflow of \$1.0 million. During the same period of the prior year, Dundee Securities received net cash of \$0.4 million from the sale of its interest in Dundee Securities Inc.

#### Significant Cash Flows – Financing Activities

For the six months ended June 30,	Corporate	Dundee Securities	UHC	Blue Goose	Dundee 360	Other	Total 2018	2017
Financing activities:								
Change in corporate debt	\$ -	\$ -	\$ -	\$ (5,967)	\$ (22)	\$ -	\$ (5,989)	\$ (51,671)
Redemption of Preference Shares, series 5	(7,582)	-	-	-	-	-	(7,582)	-
Dividends paid on Preference Shares, series 2 and series 3	(3,566)	-	-	-	-	-	(3,566)	(3,454)
Net cash from transactions with non-controlling interests	-	-	-	249	-	77	326	263
Cash (used in) provided from financing activities –								
Continuing operations	\$ (11,148)	\$ -	\$ -	\$ (5,718)	\$ (22)	\$ 77	\$ (16,811)	\$ (54,862)

- Net amounts repaid against credit facilities available to the Corporation and to its subsidiaries during the first half of 2018 were \$6.0 million (six months ended June 30, 2017 – \$51.7 million).
- During the first six months of 2018, the Corporation redeemed 303,265 Preference Shares, series 5, at a cost of \$25.00 per share or a total of \$7.6 million in aggregate.
- Cash outflows during the first half of 2018 include dividends of \$3.6 million (six months ended June 30, 2017 – \$3.5 million) paid by the Corporation on its outstanding Preference Shares, series 2 and Preference Shares, series 3. The Corporation has not paid dividends on its Class A subordinate voting shares or on its common shares.



**Cash Requirements**

The Corporation's capital management and funding objectives include ensuring that the Corporation is compliant with all of its ongoing obligations, including compliance with all applicable debt covenants, and ensuring that the Corporation is able to meet its financial obligations as they become due. In determining its capital allocation, the Corporation considers relevant regulatory capital requirements in order to effectively manage its wealth management strategies, and resources required for the development of resource, agricultural and real estate opportunities. The Corporation's capital management objectives also include ensuring that it has sufficient capital available to benefit from acquisitions and other opportunities, should they arise, and ensuring adequate returns for shareholders. The Corporation regularly assesses the allocation of its capital resources in response to changing economic conditions.

The Corporation's intention is to meet short-term liquidity requirements through funds from operations, working capital reserves and operating debt facilities. Capital may also be generated through dispositions of investments.

There are uncertainties related to the timing and use of the Corporation's cash resources and available borrowing capacity. The development stage of the Corporation's investments and business strategies may not generate sufficient operating cash flows to fund their obligations as they become due. As such, these obligations may require that the Corporation generate liquidity through the divestiture of non-core investments, through the use of available borrowing capacity, or through the issuance of debt or equity. The Corporation may experience difficulty in obtaining satisfactory financial terms. Failure to obtain adequate financing on satisfactory terms may have a material adverse effect to the Corporation's results of operations or its financial condition.

## RESULTS OF OPERATIONS

Three months ended June 30, 2018 compared with the three months ended June 30, 2017

### Consolidated Net Earnings

During the second quarter of 2018, the Corporation incurred a net loss attributable to owners of Dundee Corporation of \$76.9 million, or a loss of \$1.34 per share. This compares with a loss of \$24.5 million or \$0.45 per share incurred during the same quarter of the prior year. Operating results in the second quarter of 2018 include losses from discontinued operations of \$1.9 million, compares with earnings from discontinued operations of \$4.3 million earned during the same quarter of the prior year.

<i>For the three months ended June 30,</i>	2018	2017
Net (loss) earnings before income taxes from continuing operations		
Goodman & Company, Investment Counsel Inc.	\$ (1,872)	\$ (905)
Dundee Securities Ltd.	(721)	(1,470)
Dundee Energy Limited	(87)	(176)
United Hydrocarbon International Corp.	683	(3,385)
Dundee Sustainable Technologies Inc.	(1,077)	(624)
Eurogas International Inc.	(165)	(190)
Blue Goose Capital Corp.	(8,054)	(2,049)
AgriMarine Holdings Inc.	(1,264)	(1,703)
Dundee 360 Real Estate Corporation	(23)	24
	(12,580)	(10,478)
Adjusted for the corporate and other portfolio holdings segment:		
Changes in the market value of investments	(16,096)	(24,831)
Share of loss from equity accounted investments	(38,575)	66
Other items in the corporate and other portfolio holdings segment	(6,826)	(1,325)
Income tax recovery (expense)	(3,113)	6,885
Net loss from continuing operations	(77,190)	(29,683)
Net (loss) earnings from discontinued operations		
Dundee Energy Limited Partnership	(1,885)	(544)
Blue Goose Pure Foods Ltd.	-	4,824
Net (loss) earnings from discontinued operations	(1,885)	4,280
<b>Net loss for the period</b>	<b>\$ (79,075)</b>	<b>\$ (25,403)</b>
Net (loss) earnings attributable to owners of the parent:		
Continuing operations	\$ (75,837)	\$ (28,553)
Discontinued operations	(1,093)	4,028
	<b>\$ (76,930)</b>	<b>\$ (24,525)</b>

#### *Continuing Operations*

During the three months ended June 30, 2018, the Corporation incurred a net loss from continuing operations attributable to owners of the Corporation of \$75.8 million, or a loss of \$1.32 per share. This compares with a loss from continuing operations attributable to owners of the Corporation of \$28.6 million in the same period of 2017, representing loss of \$0.51 per share, after the effect of the dilutive securities.

A more detailed discussion of second quarter operating results of each of the Corporation's operating subsidiaries and business segments is provided below.

## Segmented Results of Operations

### GOODMAN & COMPANY, INVESTMENT COUNSEL INC.

During the three months ended June 30, 2018, GCIC incurred a net loss before income taxes attributable to owners of Dundee Corporation of \$1.9 million compared with a pre-tax loss of \$0.9 million incurred in the same period of the prior year.

<i>For the three months ended June 30,</i>	2018	2017
<b>Revenues</b>		
Management and performance fees	\$ 463	\$ 565
Financial services	14	-
Interest, dividends and other	(74)	91
	403	656
<b>Other items in net loss before tax</b>		
General and administrative	(2,271)	(1,556)
Depreciation	(3)	(2)
Interest expense	(1)	(3)
Net loss before taxes, Goodman & Company, Investment Counsel Inc.	<b>\$ (1,872)</b>	<b>\$ (905)</b>
<b>Net loss before taxes, Goodman &amp; Company, Investment Counsel Inc., attributable to:</b>		
Owners of Dundee Corporation	\$ (1,872)	\$ (905)
Non-controlling interest	-	-
Net loss before taxes, Goodman & Company, Investment Counsel Inc.	<b>\$ (1,872)</b>	<b>\$ (905)</b>

Management fee revenues were \$0.5 million in the three months ended June 30, 2018, a decline compared to revenues of \$0.6 million earned in the same period of the prior year. Average AUM for the three months ended June 30, 2018 was \$163.9 million compared with average AUM of \$203.3 million during the same period of the prior year. During the second quarter of 2018, the average management fee rate on AUM was 1.13%, compared with an average management fee rate of 1.11% earned in the same period of the prior year.

General and administrative expenses were \$2.3 million during the three months ended June 30, 2018, compared with \$1.6 million in the same period of the prior year. Consistent with year-to-date results, general and administrative expenses incurred in the current quarter of 2018 included a one-time expense of \$1.6 million related to transfer out of private client business.

## DUNDEE SECURITIES LTD.

### RESULTS OF OPERATIONS

<i>For the three months ended June 30,</i>	2018	2017
Revenues		
Financial services		
Investment banking	\$ 320	\$ 2,447
Commissions	840	737
Principal trading	(56)	(1,035)
Interest, dividends and other	569	415
	1,673	2,564
Cost of sales		
Variable compensation	(689)	(410)
Other items in net loss		
Depreciation	(30)	(277)
General and administrative	(1,669)	(3,458)
Interest expense	(10)	(11)
Foreign exchange gain	4	122
Net loss attributable to Dundee Securities	<b>\$ (721)</b>	<b>\$ (1,470)</b>
<b>Net loss before taxes, Dundee Securities attributable to:</b>		
Owners of Dundee Corporation	\$ (721)	\$ (1,470)
Non-controlling interest	-	-
Net loss before taxes, Dundee Securities	<b>\$ (721)</b>	<b>\$ (1,470)</b>

#### *Revenues*

During the three months ended June 30, 2018, Dundee Securities' revenues decreased to \$1.7 million, compared with revenues of \$2.6 million generated in the same period of the prior year. Revenues in the second quarter of 2017 included residual new issue and advisory mandates of \$2.4 million that had been initiated prior to the sale of Dundee Securities' capital markets division during 2016.

During the three months ended June 30, 2018, Dundee Securities generated commission revenues of \$0.8 million, and it incurred principal trading losses of \$0.1 million. In the same period of the prior year, commission revenues were marginally lower at \$0.7 million, offset by principal trading losses of \$1.0 million.

#### *Variable Compensation Expense*

Variable compensation expense incurred in the second quarter of 2018 was \$0.7 million, compared with \$0.4 million incurred in the same period of the prior year.

#### *General and Administrative Expenses*

General and administrative expenses incurred by Dundee Securities fell to \$1.7 million during the three months ended June 30, 2018, compared with \$3.5 million of general and administrative expenses incurred in the same period of the prior year. Consistent with year-to-date results, general and administrative expenses incurred in the second quarter of 2017 included certain termination costs including severance as well as write-downs related to redundant leaseholds.

## DUNDEE ENERGY LIMITED

During the quarter ended June 30, 2018, Dundee Energy's incurred a net loss before income taxes of \$2.0 million, including a loss from discontinued operations of \$1.9 million related to the southern Ontario assets. This compares with a net loss before income taxes of \$0.8 million in the same period of the prior year, including a loss from discontinued operations of \$0.6 million.

### RESULTS OF OPERATIONS

<i>For the three months ended June 30,</i>	Continuing Operations		Discontinued Operations		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Oil and gas sales	\$ -	\$ -	\$ 5,556	\$ 5,859	\$ 5,556	\$ 5,859
Interest and dividends	-	-	22	72	22	72
			5,578	5,931	5,578	5,931
Cost of sales						
Production expenditures	-	-	(3,230)	(2,845)	(3,230)	(2,845)
Other items in net loss before taxes						
Depreciation and depletion	-	-	(2,137)	(2,072)	(2,137)	(2,072)
General and administrative	(88)	(139)	(840)	(598)	(928)	(737)
Remeasurement of resource-based financial instruments	-	-	-	341	-	341
Interest expense	-	-	(1,336)	(1,256)	(1,336)	(1,256)
Foreign exchange gain (loss)	1	(37)	80	(75)	81	(112)
<b>Net loss before taxes, Dundee Energy Limited</b>	<b>\$ (87)</b>	<b>\$ (176)</b>	<b>\$ (1,885)</b>	<b>\$ (574)</b>	<b>\$ (1,972)</b>	<b>\$ (750)</b>
<b>Net loss before taxes, Dundee Energy Limited attributable to:</b>						
Owners of Dundee Corporation	\$ (49)	\$ (162)	\$ (1,093)	\$ (345)	\$ (1,142)	\$ (507)
Non-controlling interest	(38)	(14)	(792)	(229)	(830)	(243)
<b>Net loss before taxes, Dundee Energy Limited</b>	<b>\$ (87)</b>	<b>\$ (176)</b>	<b>\$ (1,885)</b>	<b>\$ (574)</b>	<b>\$ (1,972)</b>	<b>\$ (750)</b>

During the second quarter of 2018, sales of oil and natural gas, net of royalty interests, were \$5.6 million, a decrease of \$0.3 million when compared with net sales of oil and natural gas of \$5.9 million earned in the second quarter of the prior year. Consistent with the year-to-date performance, lower production volumes for underlying commodities decreased aggregate net sales by \$0.6 million, partially offset by higher realized prices for underlying commodities which increased net sales by \$0.3 million.

### Field Level Cash Flows and Field Netbacks

<i>For the three months ended June 30,</i>	2018			2017		
	Natural Gas	Oil and Liquids	Total	Natural Gas	Oil and Liquids	Total
Total sales	\$ 3,422	\$ 3,120	\$ 6,542	\$ 4,073	\$ 2,825	\$ 6,898
Royalties	(513)	(473)	(986)	(618)	(421)	(1,039)
Production expenditures	(2,118)	(1,112)	(3,230)	(1,881)	(964)	(2,845)
	791	1,535	2,326	1,574	1,440	3,014
Realized loss on derivative financial instruments	-	-	-	(297)	-	(297)
<b>Field level cash flows</b>	<b>\$ 791</b>	<b>\$ 1,535</b>	<b>\$ 2,326</b>	<b>\$ 1,277</b>	<b>\$ 1,440</b>	<b>\$ 2,717</b>

<i>For the three months ended June 30,</i>	2018			2017		
	Natural Gas \$/Mcf	Oil and Liquids \$/bbl	Total \$/boe	Natural Gas \$/Mcf	Oil and Liquids \$/bbl	Total \$/boe
Total sales	\$ 3.80	\$ 86.33	\$ 35.14	\$ 4.34	\$ 64.41	\$ 34.45
Royalties	(0.57)	(13.09)	(5.29)	(0.66)	(9.58)	(5.19)
Production expenditures	(2.35)	(30.76)	(17.35)	(2.00)	(21.99)	(14.21)
	0.88	42.48	12.50	1.68	32.84	15.05
Realized loss on derivative financial instruments	-	-	-	(0.32)	-	(1.48)
<b>Field netbacks</b>	<b>\$ 0.88</b>	<b>\$ 42.48</b>	<b>\$ 12.50</b>	<b>\$ 1.36</b>	<b>\$ 32.84</b>	<b>\$ 13.57</b>

## DUNDEE SUSTAINABLE TECHNOLOGIES INC.

During the three months ended June 30, 2018, Dundee Technologies incurred a net loss before taxes of \$1.1 million (three months ended June 30, 2017 – \$0.6 million).

### RESULTS OF OPERATIONS

<i>For the three months ended June 30,</i>	2018	2017
Revenues		
Technical services	\$ 580	\$ 662
Interest, dividends and other	8	-
	588	662
Cost of sales	(308)	(561)
Other items in net loss before taxes		
General and administrative	(1,236)	(619)
Interest expense	(133)	(105)
Foreign exchange gain (loss)	12	(1)
Net loss before taxes, Dundee Sustainable Technologies Inc.	\$ (1,077)	\$ (624)
<b>Net loss before taxes, Dundee Sustainable Technologies Inc. attributable to:</b>		
Owners of Dundee Corporation	\$ (563)	\$ (321)
Non-controlling interest	(514)	(303)
Net loss before taxes, Dundee Sustainable Technologies Inc.	\$ (1,077)	\$ (624)

Revenue during the current quarter of 2018 was \$0.6 million, compared with revenue of \$0.7 million in the same period of the prior year.

Dundee Technologies incurred operating expenses of \$1.5 million in the second quarter of 2018, of which \$0.3 million was attributed to cost of sales and \$1.2 million in general and administrative costs. In comparison, during the second quarter of 2017, Dundee Technologies incurred operating costs of \$1.2 million, of which \$0.6 million was attributed to cost of sales, with the balance of \$0.6 million in general and administrative costs. Consistent with year-to-date results, as the business activities of Dundee Technologies mature, it expects to allocate more of its highly technical resources to the provision of revenue generating activities. While total operating expenses are expected to increase in proportion to increased revenue generating activities, Dundee Technologies expects that a larger portion of these costs will be allocated to cost of sales.

## BLUE GOOSE CAPITAL CORP.

During the second quarter of 2018, Blue Goose incurred a net loss from continuing operations attributable to owners of Dundee Corporation of \$7.2 million, compared with a net loss of \$1.8 million incurred in the same period of the prior year before discontinued operations. Net loss in the second quarter of 2018 was driven primarily by the negative \$5.8 million gross margin at the beef division due to dramatic decline commodity beef prices.

### RESULTS OF OPERATIONS

	For the three months ended June 30, 2018	For the three months ended June 30, 2017		
		Continuing Operations	Discontinued Operations	Total
Revenues				
Sales	\$ 5,858	\$ 7,811	\$ 24,541	\$ 32,352
Interest and dividends	580	35	-	35
	6,438	7,846	24,541	32,387
Cost of sales	(8,179)	(10,594)	(20,880)	(31,474)
Other items in net (loss) earnings before taxes				
Depreciation and depletion	(532)	(604)	(1,030)	(1,634)
General and administrative				
Marked-to-market adjustment on earnout liability	-	-	5,136	5,136
Other general and administrative	(1,007)	(977)	(810)	(1,787)
Fair value changes in livestock	(3,476)	3,347	-	3,347
Interest expense	(1,299)	(1,065)	(495)	(1,560)
Foreign exchange gain (loss)	1	(2)	(30)	(32)
Net (loss) earnings before taxes, Blue Goose Capital Corp.	\$ (8,054)	\$ (2,049)	\$ 6,432	\$ 4,383
<b>Net (loss) earnings before taxes, Blue Goose Capital Corp. attributable to:</b>				
Owners of Dundee Corporation	\$ (7,212)	\$ (1,845)	\$ 5,951	\$ 4,106
Non-controlling interest	(842)	(204)	481	277
Net (loss) earnings before taxes, Blue Goose Capital Corp.	\$ (8,054)	\$ (2,049)	\$ 6,432	\$ 4,383

### Contribution Margins

During the three months ended June 30, 2018, Blue Goose incurred a negative contribution margin from continuing operations of \$5.8 million on total revenues of \$5.9 million, compared with a positive contribution margin from continuing operations of \$0.6 million on total revenues of \$7.8 million in the same period of the prior year. The negative contribution margin, before adjusting for fair value changes, was \$0.2 million in the second quarter of 2018, compared with a positive contribution margin before adjusting for fair value changes of \$1.3 million incurred in the same period of the prior year.

	For the three months ended June 30,				2018
	Beef	Fish	Chicken	Total	Total
Revenue	\$ 3,286	\$ 432	\$ 2,140	\$ 5,858	\$ 5,858
Cost of sales, period cost	(3,439)	(593)	(2,074)	(6,106)	(6,106)
	(153)	(161)	66	(248)	(248)
Fair value changes					
Fair value changes in livestock	(4,026)	550	-	(3,476)	(3,476)
Cost of sales, fair value harvested	(1,668)	(405)	-	(2,073)	(2,073)
	(5,694)	145	-	(5,549)	(5,549)
Margin	\$ (5,847)	\$ (16)	\$ 66	\$ (5,797)	\$ (5,797)
Margin %	790.1%	(1.6%)	3.1%	(243.4%)	(243.4%)

<i>For the three months ended June 30,</i>				2017
	Beef	Fish	Chicken	Total
Revenue	\$ 4,873	\$ 674	\$ 2,264	\$ 7,811
Cost of sales, period cost	(3,424)	(879)	(2,256)	(6,559)
	1,449	(205)	8	1,252
Fair value changes				
Fair value changes in livestock	2,536	811	-	3,347
Cost of sales, fair value harvested	(3,358)	(677)	-	(4,035)
	(822)	134	-	(688)
Margin	\$ 627	\$ (71)	\$ 8	\$ 564
Margin %	8.5%	(4.8%)	0.4%	5.1%

Revenue from sales of beef decreased to \$3.3 million in the second quarter of 2018, compared with \$4.9 million of revenue generated in the same period of the prior year. The decrease this quarter is attributable to lower volume of processed and live animal sales. During the second quarter of 2018, and reflective of a sharp decline in commodity beef prices, Blue Goose recognized a fair value changes in livestock loss of \$4.0 million related to its cattle inventory, compared with a fair value changes in livestock gain of \$2.5 million in the same period of the prior year. The period costs associated with the beef division for the second quarter of 2018 were \$3.4 million, consistent with period costs in the same period of the prior year.

Revenue from fish sales decreased to \$0.4 million during the second quarter of 2018, compared with revenue of \$0.7 million in the same period of the prior year. The decrease in revenue is partially attributable to the approximately \$0.2 million of natural fish inventory held back in relation to the sale of a portion of the fish assets. The period costs of \$0.6 million in the second quarter of 2018 associated with the fish division were \$0.3 million lower compared to the same period of the prior year and is attributable to lower feed consumption resulting from a longer winter season.

During the three months ended June 30, 2018, revenue from the sale of chicken products was \$2.1 million, a decrease of \$0.2 million from revenue of \$2.3 million generated in the same period of the prior year. The decrease in sales revenue is due to the elimination of organic chicken from the products being sold offset by the increased in sales of natural chicken. Margins have improved following the sourcing of a new primary chicken supplier and new processor. This resulted in a decrease in period costs associated with the chicken division which were \$2.1 million during the second quarter of 2018 compared with \$2.3 million in the same period of the prior year.



## AGRIMARINE HOLDINGS INC.

During the three months ended June 30, 2018, AgriMarine incurred pre-tax net losses attributable to owners of Dundee Corporation of \$1.3 million, compared with pre-tax net losses attributable to owners of Dundee Corporation of \$1.7 million in the same period in the prior year.

### RESULTS OF OPERATIONS

<i>For the three months ended June 30,</i>	2018	2017
Revenues		
Sales	\$ 3,119	\$ 1,418
Interest, dividends and other	34	-
	3,153	1,418
Cost of sales	(3,506)	(2,444)
Other items in net loss before taxes		
General and administrative	(899)	(672)
Interest expense	(8)	(3)
Foreign exchange loss	(4)	(2)
Net loss before taxes, AgriMarine Holdings Inc.	\$ (1,264)	\$ (1,703)
<b>Net loss before taxes, AgriMarine Holdings Inc. attributable to:</b>		
Owners of Dundee Corporation	\$ (1,264)	\$ (1,703)
Non-controlling interest	-	-
Net loss before taxes, AgriMarine Holdings Inc.	\$ (1,264)	\$ (1,703)

During the three months ended June 30, 2018, AgriMarine generated revenue of \$3.1 million and a negative contribution margin of \$0.4 million. Compared with \$1.4 million revenues generated during the three months ended June 30, 2017 with a negative contribution margin of \$1.0 million. The improved sale revenue for the second quarter of 2018 was mainly due to the effort of development of new markets in 2018.

At WCF, the volume of fish harvested during the second quarter of 2018 was 450,000 kilograms, translating into 267,000 kilograms or 588,000 pounds of product sold, at an average selling price of \$11.64 per kilogram (\$5.29 per pound).

### CONTRIBUTED MARGINS

<i>For the three months ended June 30,</i>	2018	2017
Revenues	\$ 3,119	\$ 1,418
Cost of sales	(3,506)	(2,444)
<b>Contribution margin</b>	<b>\$ (387)</b>	<b>\$ (1,026)</b>

## DUNDEE 360 REAL ESTATE CORPORATION

During the three months ended June 30, 2018, Dundee 360 incurred a net loss before taxes of \$23,000. This compares with net earnings before taxes of \$24,000 incurred during the same period of the prior year.

### RESULTS OF OPERATIONS

<i>For the three months ended June 30,</i>	Real Estate Brokerage		Real Estate Project Management		Total	
	2018	2017	2018	2017	2018	2017
Revenues						
Gross commission income	\$ 24,185	\$ 29,021	\$ -	\$ -	\$ 24,185	\$ 29,021
Consulting and management fees	-	-	662	1,472	662	1,472
Sales and marketing fees	-	-	132	-	132	-
Other revenue	2,249	2,709	7	(11)	2,256	2,698
Interest, dividends and other	30	43	135	(108)	165	(65)
	26,464	31,773	936	1,353	27,400	33,126
Cost of sales	(21,821)	(26,241)	-	-	(21,821)	(26,241)
Other items in net (loss) earnings before taxes						
Depreciation and depletion	(264)	(254)	(104)	(355)	(368)	(609)
General and administrative	(4,336)	(4,793)	(874)	(1,479)	(5,210)	(6,272)
Share of income from real estate joint ventures	-	-	1	42	1	42
Finance expense	(24)	(19)	(1)	(3)	(25)	(22)
Net (loss) earnings before taxes,						
Dundee 360 Real Estate Corporation	\$ 19	\$ 466	\$ (42)	\$ (442)	\$ (23)	\$ 24
<b>Net (loss) earnings before taxes, Dundee 360 Real Estate Corporation attributable to:</b>						
Owners of Dundee Corporation	\$ 19	\$ 466	\$ (40)	\$ (437)	\$ (21)	\$ 29
Non-controlling interest	-	-	(2)	(5)	(2)	(5)
Net (loss) earnings before taxes,						
Dundee 360 Real Estate Corporation	\$ 19	\$ 466	\$ (42)	\$ (442)	\$ (23)	\$ 24

During the three months ended June 30, 2018, Sotheby's sold over \$1.2 billion worth of residential real estate, compared to \$1.6 billion in the same period of the prior year. Gross commission revenues for the second quarter of 2018 were \$24.2 million (three months ended June 30, 2017 – \$29.0 million) and associated commissions paid to brokers and agents were \$21.8 million (three months ended June 30, 2017 – \$26.2 million), resulting in a net contribution margin of \$2.4 million or 9.9% (three months ended June 30, 2017 – \$2.8 million or 9.7%).

Consistent with year-to-date results, revenues from real estate project management activities were \$0.9 million in the second quarter of 2018, compared with \$1.4 million earned in the same period of the prior year. General and administrative costs associated with real estate project management activities have decreased to \$0.9 million in the second quarter of 2018, compared with \$1.5 million in the same period of the prior year, positively reflecting on cost-efficiency strategies while Dundee 360 continues to focus on its business development efforts.

## CONSOLIDATED QUARTERLY BUSINESS TRENDS

For the three months ended	2018		2017				2016	
	30-Jun	31-Mar	31-Dec	30-Sept	30-Jun	31-Mar	31-Dec	30-Sept
Net gain (loss) from investments	\$ (16,096)	\$ (8,814)	\$ 15,345	\$ 15,386	\$ (24,831)	\$ 57,465	\$ (102,680)	\$ 7,948
Share of earnings (loss) from equity accounted investments	(38,574)	(10,267)	(58,889)	6,545	108	(856)	(7,692)	(3,640)
Other items in net earnings (loss)	(22,520)	(4,315)	(5,222)	26,867	(4,960)	(28,087)	4,126	(22,927)
Net earnings (loss) from continuing operations	\$ (77,190)	\$ (23,396)	\$ (48,766)	\$ 48,798	\$ (29,683)	\$ 28,522	\$ (106,246)	\$ (18,619)
Net earnings (loss) from discontinued operations	(1,885)	(1,614)	(26,269)	(46,963)	4,280	(306)	(4,736)	(1,099)
Net earnings (loss)	\$ (79,075)	\$ (25,010)	\$ (75,035)	\$ 1,835	\$ (25,403)	\$ 28,216	\$ (110,982)	\$ (19,718)
Attributable to owners of the parent								
Continuing operations	\$ (75,837)	\$ (23,854)	\$ (46,733)	\$ 42,824	\$ (28,553)	\$ 29,888	\$ (104,217)	\$ (15,217)
Discontinued operations	(1,093)	(935)	(22,829)	(30,809)	4,028	(349)	(2,143)	(636)
Attributable to non-controlling interest								
Continuing operations	(1,353)	458	(2,033)	5,974	(1,130)	(1,366)	(2,029)	(3,402)
Discontinued operations	(792)	(679)	(3,440)	(16,154)	252	43	(2,593)	(463)
	\$ (79,075)	\$ (25,010)	\$ (75,035)	\$ 1,835	\$ (25,403)	\$ 28,216	\$ (110,982)	\$ (19,718)
<b>Earnings (loss) per share</b>								
Basic								
Continuing operations	\$ (1.32)	\$ (0.43)	\$ (0.82)	\$ 0.69	\$ (0.51)	\$ 0.48	\$ (1.81)	\$ (0.29)
Discontinued operations	(0.02)	(0.02)	(0.38)	(0.52)	0.06	(0.01)	(0.03)	(0.01)
	\$ (1.34)	\$ (0.45)	\$ (1.20)	\$ 0.17	\$ (0.45)	\$ 0.47	\$ (1.84)	\$ (0.30)
Diluted								
Continuing operations	\$ (1.32)	\$ (0.43)	\$ (0.82)	\$ 0.65	\$ (0.51)	\$ 0.46	\$ (1.81)	\$ (0.29)
Discontinued operations	(0.02)	(0.02)	(0.38)	(0.49)	0.06	(0.01)	(0.03)	(0.01)
	\$ (1.34)	\$ (0.45)	\$ (1.20)	\$ 0.16	\$ (0.45)	\$ 0.45	\$ (1.84)	\$ (0.30)

- During the second quarter of 2018, the Corporation recognized a loss from equity accounted investments of \$38.8 million resulting from the reduction of its carrying value in Paragon Holdings to \$nil.
- During the fourth quarter of 2017 and following the appointment of an interim receiver, BGPF recognized a loss of \$22.6 million on the liquidation of its net assets.
- Operating results during the third quarter of 2017 include a \$64.4 million foreign currency translation gain related to the disposition of UHIC's subsidiary.
- In connection with the filing of a NOI by DELP pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada), during the third quarter of 2017, DELP recorded an impairment of \$19.0 million against its exploration and evaluation properties, and it further impaired the carrying value of its deferred income tax assets by \$14.8 million. These items have been included in discontinued operations.
- During the third quarter of 2017, and as a result of changes in the probability metrics applied to determining the fair value of contingent consideration related to its acquisition of the Tender Choice business, BGPF decreased the carrying value of the contingent consideration by \$10.9 million, with a corresponding increase in net earnings. Concurrently, BGPF impaired goodwill related to Tender Choice by \$23.6 million. These items have been included in discontinued operations.
- Operating results in the fourth quarter of 2016 include impairment charges of \$6.9 million incurred by DELP in respect of certain of its exploration and evaluation resource properties. These items have been included in discontinued operations.
- During the fourth quarter of 2016, Dundee 360 incurred an impairment of \$8.0 million against its Croatian real estate assets, and a further \$4.6 million impairment on its Cuban real estate assets.
- Included in net earnings or loss are amounts reflecting changes in the fair value of the Corporation's direct investments in public and private securities. These changes are determined by equity and credit markets and are expected to result in significant fluctuations in net earnings or loss. The Corporation believes that equity and credit markets do not necessarily correctly reflect the underlying value of certain assets. As a consequence, management of the Corporation believes that the

amount of unrealized gains or losses that will be included in net earnings or loss in any given period typically provides little analytical or predictive value to the readers of the Corporation's financial information.

- The Corporation's share of earnings or losses from equity accounted investments is included in the Corporation's net earnings or loss for each quarter. As with changes in the fair value of the Corporation's investment portfolio, earnings or losses from each equity accounted investee and dilution gains and losses from these investments will fluctuate from period to period and may depend on market forces or other operating conditions that are not necessarily under the Corporation's direct control.

## **OFF-BALANCE SHEET ARRANGEMENTS, COMMITMENTS AND CONTINGENCIES**

Other than as disclosed elsewhere in this MD&A or in note 26 to the June 2018 Interim Consolidated Financial Statements, there have been no significant changes in the nature of commitments, contingencies and off-balance sheet arrangements from those described in note 28 to the 2017 Audited Consolidated Financial Statements and under "*Off-Balance Sheet Arrangements*" and "*Commitments and Contingencies*" on pages 69 through 71 in the Corporation's MD&A as at and for the year ended December 31, 2017.

## **RELATED PARTY TRANSACTIONS**

Other than as described in note 27 to the June 2018 Interim Consolidated Financial Statements, there have been no significant changes in the nature and scope of related party transactions to those described in note 29 to the 2017 Audited Consolidated Financial Statements and the accompanying MD&A.

## **ACCOUNTING POLICIES AND CRITICAL ACCOUNTING ESTIMATES**

The preparation of the Corporation's consolidated financial statements in conformity with IFRS requires management to make 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. Critical accounting 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 value of assets and liabilities and the reported amount 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. A summary of the more significant judgments and estimates made by management in the preparation of its financial information is provided in note 4 to the 2017 Audited Consolidated Financial Statements. Other than as described in note 2 to the June 2018 Interim Consolidated Financial Statements, there have been no changes in the accounting policies adopted by the Corporation from those detailed in note 3 to the Corporation's 2017 Audited 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, 2018.

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 Chief Financial Officer, as appropriate, to allow required disclosures to be made in a timely fashion. Based on their evaluation, the Chief Executive Officer and Chief Financial Officer concluded that as at June 30, 2018, the Corporation's disclosure controls and procedures were effective.

The Chief Executive Officer and the Chief Financial Officer of the Corporation have also assessed whether there were any changes to the Corporation's internal control over financial reporting during the six months ended June 30, 2018 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 assessment.

## **MANAGING RISK**

Except as otherwise disclosed in this MD&A, there have been no significant changes to the nature and scope of the risks faced by the Corporation as described in the Corporation's 2017 Annual Information Form under "Risk Factors" which is available on SEDAR at [www.sedar.com](http://www.sedar.com). These business risks should be considered by interested parties when evaluating the Corporation's performance and its outlook.

## **CAUTIONARY NOTE REGARDING FORWARD LOOKING STATEMENTS**

Dundee Corporation's public communications may include written or oral forward looking statements. Statements of this type are included in this MD&A, and may be included in other filings with the Canadian regulators, stock exchanges or in other communications. All such statements constitute forward looking information within the meaning of securities law and are made pursuant to the "safe harbour" provisions of applicable securities laws. Forward looking statements may include, but are not limited to, statements about anticipated future events or results including comments with respect to the Corporation's objectives and priorities for 2018 and beyond, and strategies or further actions with respect to the Corporation, its products and services, business operations, financial performance and condition. Forward looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions concerning matters that are not historical facts. Such statements are based on current expectations of the Corporation's management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and those affecting the financial services, energy, resources, agriculture and real estate industries generally. The forward looking information contained in this MD&A is presented for the purpose of assisting shareholders in understanding business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes.

A number of risks, uncertainties and other factors may cause actual results to differ materially from the forward looking statements contained in this MD&A, including, among other factors, those referenced in the section entitled "Risk Factors" in the Corporation's Annual Information Form, which include, but are not limited to, general economic and market conditions; the Corporation's ability to execute strategic plans; the Corporation's ability to meet financial obligations and comply with debt covenants; the performance of the Corporation's principal subsidiaries; the Corporation's ability and the ability of its investee companies to raise additional capital; concentration risk; the availability of equity and debt financing and/or refinancing on acceptable terms; risks relating to trading activities and investments; competition faced by the Corporation; regulation of the Corporation's businesses; risks associated with the Corporation's operating businesses and the Corporation's investment holdings in general, including risks associated with oil and gas and mining exploration, risks of operating in foreign jurisdictions, development and production activities, litigation risks, environmental risks, inflation, changes in interest rates, commodity prices and other financial exposures; the availability and adequacy of insurance coverage for the Corporation and its subsidiaries; maintenance of minimum regulatory capital requirements for certain of the Corporation's subsidiaries; potential liability of the Corporation and its subsidiaries under securities laws; and the ability of the Corporation and its subsidiaries to attract and retain key personnel. The preceding list is not exhaustive of all possible risk factors that may influence actual results, and is compiled based upon information available as at August 14, 2018.

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

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

## **INFORMATION CONCERNING DUNDEE CORPORATION**

Additional information relating to Dundee Corporation, including a copy of the Corporation's Annual Information Form, may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and the Corporation's website at [www.dundeecorp.com](http://www.dundeecorp.com).

Toronto, Ontario  
August 14, 2018

**DUNDEE CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF**  
**FINANCIAL POSITION**  
**(Unaudited)**

*(expressed in thousands of Canadian dollars)*

	<i>Note</i>	As at	
		June 30, 2018	December 31, 2017
<b>ASSETS</b>			
Cash		\$ 57,464	\$ 75,278
Accounts receivable		65,577	62,036
Client accounts receivable	7	29,196	18,115
Brokerage securities owned		13,547	8,859
Investments	8	327,805	385,193
Equity accounted investments	5, 9	65,101	110,737
Resource assets	4, 10	156,307	143,707
Livestock	11	26,773	36,305
Capital and other assets	12	122,516	127,084
Deferred income tax assets	21	33,522	26,250
Assets of discontinued operations held for sale	4	108,161	112,182
<b>TOTAL ASSETS</b>		<b>\$ 1,005,969</b>	<b>\$ 1,105,746</b>
<b>LIABILITIES</b>			
Accounts payable and accrued liabilities		\$ 55,147	\$ 58,467
Client deposits and related liabilities	7	32,261	17,208
Brokerage securities sold short		456	1
Income taxes payable		1,514	2,569
Corporate debt	4, 13	54,387	60,110
Preference Shares, series 5	15	82,943	91,211
Liabilities of discontinued operations held for sale	4	115,153	115,675
		341,861	345,241
<b>SHAREHOLDERS' EQUITY</b>			
Share capital			
Common shares	16	283,427	282,719
Preference Shares, series 2	15	84,053	84,053
Preference Shares, series 3	15	43,015	43,015
Contributed surplus		13,381	13,736
Warrants	16	1,516	1,516
Reserves for changes in equity of subsidiaries		(60,995)	(61,627)
Retained earnings		265,055	370,340
Accumulated other comprehensive income	16	10,956	2,808
		640,408	736,560
<b>NON-CONTROLLING INTEREST</b>			
	17	23,700	23,945
		664,108	760,505
<b>TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY</b>		<b>\$ 1,005,969</b>	<b>\$ 1,105,746</b>

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

**Commitments, contingencies and off-balance sheet arrangements (note 26)**

**DUNDEE CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF OPERATIONS**  
**(Unaudited)**

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

	Note	For the three months ended		For the six months ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>REVENUES</b>	18	\$ 43,514	\$ 51,376	\$ 77,393	\$ 89,181
<b>OTHER ITEMS IN NET (LOSS) EARNINGS</b>					
Cost of sales		(34,503)	(40,250)	(65,428)	(70,737)
Depreciation and depletion	10, 12	(1,483)	(2,402)	(3,053)	(5,079)
General and administrative expenses	20	(22,881)	(20,501)	(40,544)	(41,832)
Net (loss) gain from investments	8	(16,096)	(24,831)	(24,910)	32,634
Share of (loss) earnings from equity accounted investments	9	(38,574)	108	(48,841)	(748)
Fair value changes in livestock	11	(3,476)	3,347	(1,965)	8,363
Remeasurement of resource-based financial instruments	10	871	-	7,353	-
Interest expense	13, 14, 15	(2,241)	(2,879)	(4,675)	(5,949)
Foreign exchange gain (loss)		792	(536)	1,630	(717)
<b>NET (LOSS) EARNINGS BEFORE INCOME TAXES</b>		<b>(74,077)</b>	<b>(36,568)</b>	<b>(103,040)</b>	<b>5,116</b>
Income tax recovery (expense)	21	(3,113)	6,885	2,454	(6,277)
<b>NET LOSS FROM CONTINUING OPERATIONS</b>		<b>\$ (77,190)</b>	<b>\$ (29,683)</b>	<b>(100,586)</b>	<b>(1,161)</b>
<b>DISCONTINUED OPERATIONS</b>					
Dundee Energy Limited Partnership	4				
Operating loss, net of taxes		(1,885)	(544)	(3,499)	(315)
Blue Goose Pure Foods Ltd.					
Operating earnings, net of taxes		-	4,824	-	4,289
		(1,885)	4,280	(3,499)	3,974
<b>NET (LOSS) EARNINGS FOR THE PERIOD</b>		<b>\$ (79,075)</b>	<b>\$ (25,403)</b>	<b>\$ (104,085)</b>	<b>\$ 2,813</b>
<b>NET (LOSS) EARNINGS ATTRIBUTABLE TO:</b>					
Owners of the parent					
Continuing operations		\$ (75,837)	\$ (28,553)	\$ (99,691)	\$ 1,335
Discontinued operations		(1,093)	4,028	(2,028)	3,679
		(76,930)	(24,525)	(101,719)	5,014
Non-controlling interest					
Continuing operations		\$ (1,353)	\$ (1,130)	\$ (895)	\$ (2,496)
Discontinued operations		(792)	252	(1,471)	295
		(2,145)	(878)	(2,366)	(2,201)
		<b>\$ (79,075)</b>	<b>\$ (25,403)</b>	<b>\$ (104,085)</b>	<b>\$ 2,813</b>
<b>BASIC NET (LOSS) EARNINGS PER SHARE</b>					
Continuing operations	22	\$ (1.32)	\$ (0.51)	\$ (1.75)	\$ (0.03)
Discontinued operations		(0.02)	0.06	(0.04)	0.06
		\$ (1.34)	\$ (0.45)	\$ (1.79)	\$ 0.03
<b>DILUTED NET (LOSS) EARNINGS PER SHARE</b>					
Continuing operations		\$ (1.32)	\$ (0.51)	\$ (1.75)	\$ (0.03)
Discontinued operations		(0.02)	0.06	(0.04)	0.06
		\$ (1.34)	\$ (0.45)	\$ (1.79)	\$ 0.03

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



**DUNDEE CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF**  
**COMPREHENSIVE (LOSS) INCOME**  
**(Unaudited)**

*(expressed in thousands of Canadian dollars)*

<i>Note</i>	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>NET (LOSS) EARNINGS FOR THE PERIOD</b>	\$ (79,075)	\$ (25,403)	\$ (104,085)	\$ 2,813
Other comprehensive (loss) income:				
<b>Items that may be reclassified to net (loss) earnings</b>				
Unrealized gain (loss) from foreign currency translation	4,234	(6,219)	9,875	(8,314)
Share of other comprehensive income from equity accounted investments, net of associated taxes	(641) 170	(966) 257	113 (30)	7,586 (2,010)
Total other comprehensive income (loss) from continuing operations	3,763	(6,928)	9,958	(2,738)
<b>COMPREHENSIVE (LOSS) INCOME FOR THE PERIOD</b>	<b>\$ (75,312)</b>	<b>\$ (32,331)</b>	<b>\$ (94,127)</b>	<b>\$ 75</b>
<b>COMPREHENSIVE (LOSS) INCOME ATTRIBUTABLE TO:</b>				
Owners of the parent				
Continuing operations	\$ (72,800)	\$ (34,566)	\$ (91,543)	\$ (227)
Discontinued operations	(1,093)	4,028	(2,028)	3,679
	(73,893)	(30,538)	(93,571)	3,452
Non-controlling interest				
Continuing operations	(627)	(2,045)	915	(3,672)
Discontinued operations	(792)	252	(1,471)	295
	(1,419)	(1,793)	(556)	(3,377)
	<b>\$ (75,312)</b>	<b>\$ (32,331)</b>	<b>\$ (94,127)</b>	<b>\$ 75</b>

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

**DUNDEE CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF**  
**CHANGES IN SHAREHOLDERS' EQUITY**  
**(Unaudited)**

(expressed in thousands of Canadian dollars)

	Note	Attributable to Owners of the Parent										Total
		Number of Common Shares	Common Shares	Preference Shares, Series 2	Preference Shares, Series 3	Contributed Surplus	Warrants	Reserves for changes in equity of subsidiaries	Retained Earnings	Accumulated Other Comprehensive Income	Non-controlling Interest	
Balance, December 31, 2016		58,736,482	\$ 282,234	\$ 84,053	\$ 43,015	\$ 12,289	\$ 1,516	\$ (59,086)	\$ 429,828	\$ 65,651	\$ 49,430	\$ 908,930
<b>For the six months ended June 30, 2017</b>												
Net earnings, continuing operations		-	-	-	-	-	-	-	1,335	-	(2,496)	(1,161)
Net earnings discontinued operations	4	-	-	-	-	-	-	-	3,679	-	295	3,974
Other comprehensive loss, continuing operations		-	-	-	-	-	-	-	-	(1,562)	(1,176)	(2,738)
Dividends on Preference Shares, series 2		-	-	-	-	-	-	-	(2,474)	-	-	(2,474)
Dividends on Preference Shares, series 3		-	-	-	-	-	-	-	(980)	-	-	(980)
Stock based compensation	16, 19	54,385	296	-	-	648	-	-	-	-	-	944
Changes of ownership interest in subsidiaries	6	-	-	-	-	-	-	875	-	-	728	1,603
Balance, June 30, 2017		58,790,867	282,530	84,053	43,015	12,937	1,516	(58,211)	431,388	64,089	46,781	908,098
<b>From July 1, 2017 to December 31, 2017</b>												
Net loss, continuing operations		-	-	-	-	-	-	-	(3,909)	-	3,941	32
Net loss, discontinued operations		-	-	-	-	-	-	-	(53,638)	-	(19,594)	(73,232)
Other comprehensive loss, continuing operations		-	-	-	-	-	-	-	-	(61,205)	(11,649)	(72,854)
Dividends on Preference Shares, series 2		-	-	-	-	-	-	-	(2,474)	-	-	(2,474)
Dividends on Preference Shares, series 3		-	-	-	-	-	-	-	(1,027)	-	-	(1,027)
Stock based compensation		25,540	189	-	-	799	-	-	-	-	-	988
Changes of ownership interest in subsidiaries		-	-	-	-	-	-	(3,416)	-	(76)	4,466	974
Balance, December 31, 2017		58,816,407	282,719	84,053	43,015	13,736	1,516	(61,627)	370,340	2,808	23,945	760,505
<b>For the six months ended June 30, 2018</b>												
Net loss, continuing operations		-	-	-	-	-	-	-	(99,691)	-	(895)	(100,586)
Net loss, discontinued operations	4	-	-	-	-	-	-	-	(2,028)	-	(1,471)	(3,499)
Other comprehensive income, continuing operations		-	-	-	-	-	-	-	-	8,148	1,810	9,958
Dividends on Preference Shares, series 2		-	-	-	-	-	-	-	(2,474)	-	-	(2,474)
Dividends on Preference Shares, series 3		-	-	-	-	-	-	-	(1,092)	-	-	(1,092)
Stock based compensation	16, 19	205,992	708	-	-	(355)	-	-	-	-	-	353
Changes of ownership interest in subsidiaries	6	-	-	-	-	-	-	632	-	-	311	943
<b>Balance, June 30, 2018</b>		<b>59,022,399</b>	<b>\$ 283,427</b>	<b>\$ 84,053</b>	<b>\$ 43,015</b>	<b>\$ 13,381</b>	<b>\$ 1,516</b>	<b>\$ (60,995)</b>	<b>\$ 265,055</b>	<b>\$ 10,956</b>	<b>\$ 23,700</b>	<b>\$ 664,108</b>

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

**DUNDEE CORPORATION**  
**CONDENSED INTERIM CONSOLIDATED STATEMENTS OF CASH FLOW**  
**(Unaudited)**

*(expressed in thousands of Canadian dollars)*

	<i>Note</i>	For the six months ended	
		June 30, 2018	June 30, 2017
<b>OPERATING ACTIVITIES:</b>			
Net (loss) earnings for the period		\$ (104,085)	\$ 2,813
Adjusted for:			
Net loss (earnings) from discontinued operations	4	3,499	(3,974)
Items not affecting cash and other adjustments	23	79,369	(19,353)
Changes in non-cash working capital items	23	(7,625)	(38,141)
Cash used in operating activities – continuing operations		(28,842)	(58,655)
Cash (used in) provided from operating activities – discontinued operations		(92)	38,383
<b>CASH USED IN OPERATING ACTIVITIES</b>		<b>(28,934)</b>	<b>(20,272)</b>
<b>INVESTING ACTIVITIES:</b>			
Net investment in resource assets		-	(45)
Net investment in livestock and other agricultural assets		(2,117)	(3,606)
(Disbursement of) proceeds from cash in business dispositions	5	(972)	393
Acquisitions of portfolio investments		(35,802)	(4,956)
Proceeds from dispositions of portfolio investments		67,499	125,054
Net investment in capital and other assets		(769)	1,464
Cash provided from investing activities – continuing operations		27,839	118,304
Cash used in investing activities – discontinued operations		(33)	(37,833)
<b>CASH PROVIDED FROM INVESTING ACTIVITIES</b>		<b>27,806</b>	<b>80,471</b>
<b>FINANCING ACTIVITIES:</b>			
Change in corporate debt		(5,989)	(51,671)
Net cash from transactions with non-controlling interests		326	263
Redemption of Preference Shares, series 5	15	(7,582)	-
Dividends paid on Preference Shares, series 2	15	(2,474)	(2,474)
Dividends paid on Preference Shares, series 3	15	(1,092)	(980)
Cash used in financing activities – continuing operations		(16,811)	(54,862)
Cash provided from (used in) financing activities – discontinued operations		(714)	(570)
<b>CASH USED IN FINANCING ACTIVITIES</b>		<b>(17,525)</b>	<b>(55,432)</b>
<b>NET (DECREASE) INCREASE IN CASH DURING THE PERIOD</b>		<b>(18,653)</b>	<b>4,767</b>
Cash, continuing operations, beginning of period		75,278	73,464
Cash, discontinued operations, beginning of period		3,736	2,151
		60,361	80,382
Less cash, discontinued operations, end of period		(2,897)	(2,131)
<b>CASH, CONTINUING OPERATIONS, END OF PERIOD</b>		<b>\$ 57,464</b>	<b>\$ 78,251</b>
Cash flows from continuing operations include the following amounts:			
Interest paid		\$ 5,095	\$ 6,353
Taxes paid		\$ 5,838	\$ 3,747
Cash flows from discontinued operations include the following amounts:			
Interest paid		\$ 2,011	\$ 2,830
Taxes paid		\$ -	\$ -

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

**DUNDEE CORPORATION**  
**NOTES TO THE CONDENSED INTERIM CONSOLIDATED**  
**FINANCIAL STATEMENTS**  
**(Unaudited)**

For the three and six months ended June 30, 2018 and 2017  
 Tabular dollar amounts in thousands of Canadian dollars, except per share amounts

**1. NATURE OF OPERATIONS**

Dundee Corporation (the “Corporation” or “Dundee Corporation”) is a public Canadian independent holding company, listed on the Toronto Stock Exchange (“TSX”) under the symbol “DC.A”. Through its operating subsidiaries, the Corporation is engaged in diverse business activities in the areas of investment advisory, corporate finance, energy, resources, agriculture, real estate and infrastructure. The Corporation also holds, directly and indirectly, a portfolio of investments mostly in these key areas, as well as other select investments in both publicly listed and private enterprises.

The Corporation is incorporated under the *Business Corporations Act* (Ontario) and is domiciled in Canada. The Corporation’s head office is located at 1 Adelaide Street East, 20th Floor, Toronto, Ontario, Canada, M5C 2V9.

At June 30, 2018 and December 31, 2017, the Corporation’s major operating subsidiaries included:

(in alphabetical order)	As at and for the six months ended June 30, 2018		As at and for the year ended December 31, 2017	
	Opening Ownership	Ending Ownership	Opening Ownership	Ending Ownership
AgriMarine Holdings Inc.	100%	100%	100%	100%
Blue Goose Capital Corp.	90%	90%	90%	90%
Dundee 360 Real Estate Corporation	100%	100%	100%	100%
Dundee Energy Limited	58%	58%	58%	58%
Dundee Securities Ltd.	100%	100%	100%	100%
Dundee Sustainable Technologies Inc.	63%	63%	66%	63%
Goodman & Company, Investment Counsel Inc.	100%	100%	100%	100%
United Hydrocarbon International Corp.	83%	83%	85%	83%

**2. BASIS OF PREPARATION**

These unaudited condensed interim consolidated financial statements of the Corporation as at and for the three and six months ended June 30, 2018 (“June 2018 Interim Consolidated Financial Statements”) have been prepared in accordance with International Financial Reporting Standards (“IFRS”) as issued by the International Accounting Standards Board (“IASB”), and with interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”) which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting, as applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “*Interim Financial Reporting*”. The June 2018 Interim Consolidated Financial Statements should be read in conjunction with the Corporation’s audited consolidated financial statements as at and for the year ended December 31, 2017 (“2017 Audited Consolidated Financial Statements”) which were prepared in accordance with IFRS as applicable for annual financial statements. The June 2018 Interim Consolidated Financial Statements were authorized for issuance by the Board of Directors on August 14, 2018.

### **Changes in Accounting Policies Implemented During the Six Months Ended June 30, 2018**

The June 2018 Interim Consolidated Financial Statements follow the same accounting principles and methods of application as those disclosed in note 3 to the 2017 Audited Consolidated Financial Statements, except as described below.

#### *IFRS 9, “Financial Instruments” (“IFRS 9”)*

On January 1, 2018, the Corporation implemented final amendments to IFRS 9 which introduce new requirements for the classification, measurement and impairment of financial assets, and new requirements related to hedge accounting. IFRS 9 uses a single approach to determine whether a financial asset is measured at amortized cost or fair value that focuses on how an entity manages its financial instruments in the context of its business model, as well as the contractual cash flow characteristics of the financial assets. New hedge accounting requirements incorporated into IFRS 9 increase the scope of items that may qualify as a hedged item and changes the requirements of hedge effectiveness testing that must be met in order to apply hedge accounting. The implementation of amendments to IFRS 9 had no impact to the Corporation’s June 2018 Interim Consolidated Financial Statements.

#### *IFRS 15, “Revenues from Contracts with Customers” (“IFRS 15”)*

On January 1, 2018, the Corporation implemented amendments to IFRS 15 which clarify the application of certain of its underlying principles, including the identification of a performance obligation, and the determination of whether a company is a principal or is acting as an agent in the provision of a good or service. The Corporation determined that there were no significant differences in the measurement and timing of revenue recognition between the requirements of IFRS 15 and the Corporation’s previous revenue recognition policies. Accordingly, the implementation of amendments to IFRS 15 had no significant impact to the Corporation’s June 2018 Interim Consolidated Financial Statements.

#### *IFRS 2, “Share-based Payment” (“IFRS 2”)*

On January 1, 2018, the Corporation implemented amendments to IFRS 2 which clarify how to account for certain types of share-based payment transactions. The implementation of amendments to IFRS 2 had no impact to the Corporation’s June 2018 Interim Consolidated Financial Statements.

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

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at December 31, 2017, are described in note 3 to the 2017 Audited Consolidated Financial Statements. There were no other changes to existing IFRS accounting standards and interpretations since December 31, 2017 that are expected to have a material effect on the Corporation’s consolidated financial statements.

### **3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS**

The preparation of the June 2018 Interim Consolidated Financial Statements in accordance with IFRS requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the reported amounts of assets, liabilities, revenues and other items in net operating earnings or loss, and the related disclosure of contingent assets and liabilities included in the Corporation’s consolidated financial statements. 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 value of assets and liabilities and the reported amounts of revenues and other items in net operating earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions.

Other than as described below, there have been no significant changes in accounting judgments, estimates and assumptions made by the Corporation in the preparation of the June 2018 Interim Consolidated Financial Statements from those judgments, estimates and assumptions disclosed in note 4 to the 2017 Audited Consolidated Financial Statements.

### **Impairment of Equity Accounted Investments**

The Corporation assesses, at each reporting date, whether there is any objective evidence that an equity accounted investment is impaired. An equity accounted investment is impaired if there is objective evidence of impairment as a result of one or more events that have occurred that may impact the estimated cash flows of the equity accounted investment.

The Corporation accounts for its indirect investment in the Parq Project, the developer and operator of a casino and resort project in Vancouver, British Columbia (note 9), using the equity method of accounting. The Parq Project initially opened in the fall of 2017, and became fully operational in the first quarter of 2018. The initial ramp up of operations was slower than anticipated. Furthermore, a key aspect of the value attributed to the Corporation's investment in the Parq Project is the refinancing of existing debt. In the interim, the Parq Project may require additional injections of cash from its equity partners in order to fund shortfalls in operations. There can be no assurance that the Parq Project will have access to revised financing on more favourable terms or at all, or that the Corporation and its equity partners will have access to the necessary capital to fund any operational shortfalls. The Corporation determined that these events have impacted the estimated cash flows from the Parq Project and accordingly, during the six months ended June 30, 2018, the Corporation completed an assessment of the recoverable amount of the investment by calculating its value in use. Based on its current assumptions resulting from changes in the estimated long-term forecast of the Parq Project, the Corporation concluded that, at June 30, 2018, the recoverable amount of the Corporation's investment was \$nil and recognized an impairment charge of \$22,344,000 (note 9).

## **4. DISCONTINUED OPERATIONS**

### **Dundee Energy Limited Partnership**

On January 31, 2017, Dundee Energy Limited Partnership ("DELP"), a subsidiary of Dundee Energy Limited ("Dundee Energy"), entered into a forbearance agreement with its lender, pursuant to which the lender had agreed, provided that certain ongoing conditions were met, to forbear from exercising its enforcement rights and remedies arising from DELP's failure to reduce the amounts borrowed pursuant to the credit facility, to amounts that correspond to, or fall below the borrowing base available to DELP, 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 by DELP under the forbearance agreement.

The forbearance agreement provided a definitive timeline within which DELP and Dundee Energy were required to complete their intended process to identify strategic alternatives for DELP which may have included debt restructuring, a sale of all or a material portion of the assets of DELP, the outright sale of DELP, or a business combination or other transaction involving DELP and a third party. 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 DELP or by Dundee Energy and the forbearance agreement expired on May 15, 2017 without resolution. On July 21, 2017, DELP and Dundee Energy received notice from DELP's lender, demanding repayment of amounts borrowed pursuant to the credit facility by July 31, 2017. Dundee Energy and DELP were unable to meet the demand made by the lender and accordingly, on August 16, 2017, DELP commenced insolvency proceedings by filing a Notice of Intention to Make a Proposal pursuant to the provisions of the *Bankruptcy and Insolvency Act* (Canada) in order for it to run a court-supervised sale solicitation process ("SSP"), with the goal of identifying proposals to purchase some or all of the business, properties or assets of DELP. DELP obtained an order from the Ontario Superior Court of Justice approving the terms of the SSP. In early 2018, the SSP was continued under the terms of the *Companies' Creditors Arrangement Act* in order to extend the timeline within which the SSP is to be completed. DELP and the lender entered into a revised forbearance agreement and the lender supported DELP in the reorganization proceedings.

On April 20, 2018, the Corporation announced that a purchaser for substantially all of the assets of DELP had been identified. On June 12, 2018, the transaction was ratified and approved by the Ontario Superior Court of Justice. The

Corporation has determined that completion of the SSP and the sale of the assets and liabilities of DELP is highly probable and is expected to be completed within one year. Accordingly, the assets and liabilities related to the DELP business have been reclassified as assets or liabilities of discontinued operations in the consolidated financial statement as at June 30, 2018 and December 31, 2017. Operating results and cash flow related to these assets and liabilities have been included as a net loss from discontinued operations in the consolidated statements of operations and comprehensive loss for the three and six months ended June 30, 2018 and 2017, and as cash flow from discontinued operations for the six months ended June 30, 2018 and 2017, respectively.

*Net Assets of Discontinued Operations Held for Sale*

	Note	As at	
		June 30, 2018	December 31, 2017
<b>ASSETS</b>			
Cash		\$ 2,897	\$ 3,736
Accounts receivable		5,514	5,627
Resource assets	10	99,750	102,819
		<b>\$ 108,161</b>	<b>\$ 112,182</b>
<b>LIABILITIES</b>			
Corporate debt	13	\$ 56,300	\$ 57,400
Accounts payable and accrued liabilities		7,055	6,569
Decommissioning liabilities	14	51,798	51,706
		<b>\$ 115,153</b>	<b>\$ 115,675</b>
<b>NON-CONTROLLING INTEREST</b>		(2,940)	(1,469)
<b>NET ASSETS OF DISCONTINUED OPERATIONS HELD FOR SALE</b>		<b>\$ (4,052)</b>	<b>\$ (2,024)</b>

*Net (Loss) Earnings from Discontinued Operations, Dundee Energy Limited Partnership*

	Note	For the three months ended		For the six months ended	
		June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
<b>REVENUES</b>	18	\$ 5,578	\$ 5,931	\$ 11,183	\$ 11,919
<b>OTHER ITEMS IN NET (LOSS) EARNINGS</b>					
Cost of sales		(3,230)	(2,845)	(5,526)	(5,345)
Depreciation and depletion	10	(2,137)	(2,072)	(4,218)	(4,125)
General and administrative expenses	20	(840)	(598)	(2,495)	(1,348)
Remeasurement of resource-based financial instruments		-	341	-	1,140
Interest expense	13, 14	(1,336)	(1,256)	(2,704)	(2,552)
Foreign exchange gain (loss)		80	(75)	261	(112)
<b>NET LOSS BEFORE INCOME TAXES</b>		(1,885)	(574)	(3,499)	(423)
Income tax recovery	21	-	30	-	108
<b>NET LOSS FOR THE PERIOD</b>		<b>\$ (1,885)</b>	<b>\$ (544)</b>	<b>\$ (3,499)</b>	<b>\$ (315)</b>
<b>NET LOSS ATTRIBUTABLE TO</b>					
Owners of the parent		\$ (1,093)	\$ (315)	\$ (2,028)	\$ (182)
Non-controlling interest		(792)	(229)	(1,471)	(133)
		<b>\$ (1,885)</b>	<b>\$ (544)</b>	<b>\$ (3,499)</b>	<b>\$ (315)</b>

**Blue Goose Pure Foods Ltd.**

Blue Goose Pure Foods Ltd. ("BGPF"), a wholly-owned subsidiary of the Corporation's agriculture subsidiary, Blue Goose Capital Corp. ("Blue Goose") had acquired substantially all of the operating assets of Tender Choice Foods Inc., a facility specializing in the production, processing and distribution of various meat products. On November 8, 2017, BGPF received notice from the Canadian Food Inspection Agency, enforcing compliance with delinquent corrective actions relating to repairs and maintenance of the facility and certain equipment. On November 10, 2017, the facility was temporarily closed in order to effect the required repairs and maintenance. This disruption impeded the ability of BGPF to deliver product to its core customers, resulting in reduced sales and net earnings, and a flow of its core customer base to alternative service providers. As a consequence, BGPF could not meet its financial covenants pursuant to its lending arrangement.

On December 6, 2017, there was a catastrophic fire at the facilities of BGPF that rendered the facilities inoperative. On December 7, 2017, the lender made demand on BGPF for the payment of all amounts borrowed, including accrued interest thereon. BGPF was not able to meet the requirements of the demand and accordingly, on December 14, 2017, the lender appointed an interim receiver with broad powers over the assets, following which BGPF effectively lost control of the operations of BGPF, and the associated net assets were derecognized. For comparative purposes, the operating results of BGPF for the three and six months ended June 30, 2017 and cash flow of BGPF for the six months ended June 30, 2017, have been classified as discontinued operations in the consolidated statement of operations and comprehensive loss and the consolidated statement of cash flow, respectively.

	<i>Note</i>	For the three months ended June 30, 2017	For the six months ended June 30, 2017
<b>REVENUES</b>	18	\$ 24,541	\$ 46,879
<b>OTHER ITEMS IN NET EARNINGS</b>			
Cost of sales		(20,880)	(41,064)
Depreciation and depletion		(1,030)	(2,044)
General and administrative expenses	20	4,326	2,929
Interest expense		(495)	(948)
Foreign exchange loss		(30)	(33)
<b>NET EARNINGS BEFORE INCOME TAXES</b>		<b>6,432</b>	<b>5,719</b>
Income tax expense	21	(1,608)	(1,430)
<b>NET EARNINGS FOR THE PERIOD</b>		<b>\$ 4,824</b>	<b>\$ 4,289</b>
<b>NET EARNINGS ATTRIBUTABLE TO</b>			
Owners of the parent		\$ 4,343	\$ 3,861
Non-controlling interest		481	428
		<b>\$ 4,824</b>	<b>\$ 4,289</b>

## 5. SIGNIFICANT DISPOSITIONS

### *Dundee Securities Europe Limited*

On April 1, 2018, Dundee Securities Ltd. (“Dundee Securities”), a wholly-owned subsidiary of the Corporation, completed the sale of 80% of the business of Dundee Securities Europe Limited (“DUK”) to certain members of its key management. The Corporation retained 1,968,000 class A voting shares and 450,000 class B 10% non-cumulative preference shares of DUK, which represented a 20% voting interest in DUK, the Corporation determined that it still has significant influence over the investment and accordingly, this investment is accounted for using the equity method.

The carrying value of the assets and liabilities derecognized are illustrated in the following table.

<b>Carrying value of net assets sold:</b>	
Cash	\$ 972
Accounts receivable	410
Accounts payable	(579)
	<b>\$ 803</b>

Information regarding significant dispositions completed by the Corporation during the prior year ended December 31, 2017 are described in note 6 to the 2017 Audited Consolidated Financial Statements and are further summarized below. Comparative net operating earnings or loss for the three and six months ended June 30, 2017 include the results of the underlying operations of disposed assets and liabilities, as such dispositions occurred subsequent to June 30, 2017.



*Disposition of Dundee Securities Inc.*

On May 26, 2017, Dundee Securities disposed of its 100% interest in Dundee Securities Inc., a member of the Financial Industry Regulatory Authority and registered as a broker dealer with the U.S. Securities Exchange Commission, for gross proceeds of \$1,346,000.

*Disposition of United Hydrocarbon Chad Ltd.*

Pursuant to a share purchase agreement settled on September 22, 2017, United Hydrocarbon International Corp. (“UHIC”) and its wholly-owned subsidiary, United Hydrocarbon Holdings Ltd. (“UHHL”) completed a transaction whereby UHHL sold its 100% interest in United Hydrocarbon Chad Ltd. (“UHCL”) to Delonex Energy Limited (“Delonex”). UHCL is the holder of the production sharing contract (“PSC”), pursuant to which UHIC had previously indirectly carried out its exploration activities in the Republic of Chad. Subject to certain escrow restrictions and working capital adjustments, UHIC received cash of US\$35,000,000 at closing. Further, UHIC may receive up to US\$50,000,000 upon Delonex successfully achieving first oil. UHIC has also retained a royalty interest (note 10) ranging from 5% to 10% of net cash flows generated pursuant to the PSC, after the payment of royalties and taxes to the Republic of Chad as provided for in the PSC, conditional on the price of Brent Crude oil being equal to or greater than US\$45.00 per barrel in any calendar quarter.

## 6. ACQUISITIONS AND DILUTIONS OF INTERESTS IN SUBSIDIARIES

### Change of Ownership Interests in Subsidiaries

	30-Jun-18	31-Dec-17	Interest Owned as at		Effect on Reserves for Changes in Equity of Subsidiaries during the six months ended	
			30-Jun-17	31-Dec-16	30-Jun-18	30-Jun-17
Blue Goose Capital Corp.	90%	90%	90%	90%	\$ 160	\$ (115)
Dundee Energy Limited	58%	58%	58%	58%	-	11
Dundee Sustainable Technologies Inc.	63%	63%	66%	66%	472	355
Eurogas International Inc.	54%	54%	54%	54%	-	(3)
United Hydrocarbon International Corp.	83%	83%	85%	85%	-	627
<b>Total</b>					<b>\$ 632</b>	<b>\$ 875</b>

*Blue Goose Capital Corp.*

During the six months ended June 30, 2018, the Corporation received 49,862 common shares of Blue Goose as partial payment of interest pursuant to the terms of certain convertible debentures issued by Blue Goose to the Corporation. This transaction, combined with other transactions conducted between Blue Goose and its minority shareholders, resulted in an increase in reserves for changes in equity of subsidiaries of \$160,000.

*Other Equity Changes in Subsidiaries*

As a result of the grant of stock based awards by certain other subsidiaries of the Corporation, and the consequential increase in the subsidiaries’ underlying equity to account for the associated stock based compensation expense, during the six months ended June 30, 2018, the Corporation recognized an increase of \$472,000 in its reserves for changes in equity of subsidiaries.

## 7. CLIENT ACCOUNTS RECEIVABLE AND CLIENT DEPOSITS AND RELATED LIABILITIES

As at	June 30, 2018		December 31, 2017	
	Client Accounts Receivable	Client Deposits and Related Liabilities	Client Accounts Receivable	Client Deposits and Related Liabilities
Brokers' and dealers' balances	\$ 3,886	\$ 6,951	\$ -	\$ -
Funds deposited into trust / held in escrow	25,310	25,310	17,208	17,208
Amounts receivable from carrying broker	-	-	907	-
	<b>\$ 29,196</b>	<b>\$ 32,261</b>	<b>\$ 18,115</b>	<b>\$ 17,208</b>

“Funds deposited into trust / held in escrow” include funds placed in escrow by an acquiror in a real estate property transaction from which applicable fees are distributed to the relevant parties associated with the real estate transaction.

## 8. INVESTMENTS

### Fair Value of Investments

As at	June 30, 2018		December 31, 2017	
	Cost	Fair Value	Cost	Fair Value
Publicly traded securities	\$ 370,086	\$ 164,363	\$ 408,276	\$ 220,534
Private investments	267,949	125,900	260,798	127,459
Debt securities	50,260	37,319	48,286	36,345
Warrants and options	-	223	20	855
	<b>\$ 688,295</b>	<b>\$ 327,805</b>	<b>\$ 717,380</b>	<b>\$ 385,193</b>

During the six months ended June 30, 2018, the Corporation invested \$33,591,000 (six months ended June 30, 2017 – \$3,658,000) to acquire new positions, or to increase its interest in existing positions within its portfolio. Investments included the purchase of \$17,411,000 Class F convertible preferred units and \$15,500,000 promissory note of Parq Equity Limited Partnership, the limited partnership structure that ultimately owns the Corporation’s interest in the casino and resort development project in Vancouver, British Columbia.

During the same period, the Corporation generated proceeds of \$67,499,000 (six months ended June 30, 2017 – \$125,054,000) from the sale of various public and private investments and from collection of amounts due under debt arrangements.

### Net (Loss) Gain from Investments

For the six months ended	June 30, 2018		June 30, 2017	
	Realized	Unrealized	Realized	Unrealized
Publicly traded securities	\$ 4,237	\$ (20,231)	\$ (86,369)	\$ 119,740
Private investments	302	(6,460)	740	(782)
Debt securities	(1,126)	(1,000)	(694)	(1,083)
Warrants and options	(20)	(612)	401	681
	<b>\$ 3,393</b>	<b>\$ (28,303)</b>	<b>\$ (85,922)</b>	<b>\$ 118,556</b>

For the three months ended	June 30, 2018		June 30, 2017	
	Realized	Unrealized	Realized	Unrealized
Publicly traded securities	\$ (5,418)	\$ 222	\$ (86,369)	\$ 61,634
Private investments	-	(8,290)	-	1,873
Debt securities	(102)	(2,173)	(694)	(1,229)
Warrants and options	-	(335)	409	(455)
	<b>\$ (5,520)</b>	<b>\$ (10,576)</b>	<b>\$ (86,654)</b>	<b>\$ 61,823</b>

The Corporation's portfolio of investments has been designated as a portfolio of investments at fair value through profit or loss ("FVTPL"). Accordingly, changes in the fair value of individual investments since December 31, 2017 are included in the Corporation's net earnings or loss. During the three and six months ended June 30, 2018, the Corporation recorded a loss in the fair value of its investments designated as FVTPL of \$16,096,000 and \$24,910,000 respectively (three and six months ended June 30, 2017 – loss of \$24,831,000 and gain of \$32,634,000 respectively). The net loss recognized during the three and six months ended June 30, 2018 include an unrealized loss of \$10,000,000 (three and six months ended June 30, 2017 – \$nil) related to the Corporation's investment in Parq Equity Limited Partnership.

## 9. EQUITY ACCOUNTED INVESTMENTS

As at	June 30, 2018		December 31, 2017	
	Ownership	Carrying Value	Ownership	Carrying Value
Investment				
Android Industries, LLC	20%	\$ 22,884	20%	\$ 24,322
Cambridge Medical Funding Group II, LLC	50%	-	50%	-
Cambridge Medical Capital Services LLC	50%	-	50%	-
Dundee Acquisition Ltd.	98%	243	98%	(381)
Dundee Sarea Acquisition I Limited Partnership	33%	18,898	33%	16,713
Dundee Sarea Limited Partnership	21%	(101)	21%	91
Dundee Securities Europe Limited	20%	803	n/a	-
Odyssey Resources Limited	31%	-	31%	-
Paragon Holdings (Smithe Street) ULC (i)	50%	-	50%	52,592
Union Group International Holdings Limited	40%	16,016	40%	11,424
		58,743		104,761
Real estate joint ventures		6,358		5,976
		<b>\$ 65,101</b>		<b>\$ 110,737</b>

(i) Dundee Corporation owns a 50% interest in Paragon Holdings (Smithe Street) ULC, which, in turn owns an indirect 71% interest in a resort development project. Dundee Corporation has an effective 37% interest in the underlying project, before any changes in ownership that may result from the exercise of the Corporation's conversion rights.

A detailed description of significant transactions that affected the carrying value of equity accounted investments as at and during the year ended December 31, 2017 is provided in note 10 to the 2017 Audited Consolidated Financial Statements. Other than as described below, there were no significant transactions that affected the carrying value of equity accounted investments since December 31, 2017.

### *Paragon Holdings (Smithe Street) ULC ("Paragon Holdings")*

Paragon Holdings holds an interest in Parq Holdings Limited Partnership, the developer and operator of a casino and resort project in Vancouver, British Columbia (the "Parq Project"). During the six months ended June 30, 2018, the ownership group provided equity of \$33,411,000 to the Parq Project, including \$17,411,000 funded directly by the Corporation, in the form of Class F convertible preferred units. In addition, the Corporation provided \$15,500,000 in the form of a 20% convertible promissory note maturing on October 1, 2018. On or after the maturity date, the Corporation may elect to convert all of the amounts outstanding, including interest thereon, into Class G limited partnership units of Parq Equity Limited Partnership ("Class G Units"), at a conversion price of \$1.0772 per Class G Unit.

As at June 30, 2018, based on the current valuation resulting from changes in the estimated long-term forecast of the Parq Project, the Corporation recognized an impairment charge of \$22,344,000 to reduce its carrying value in Paragon Holdings to \$nil.

*Dundee Sarea Acquisition I Limited Partnership (“Dundee Sarea Fund”)*

During the six months ended June 30, 2018, the Corporation invested \$1,800,000 in Dundee Sarea Fund and, as a result, at June 30, 2018, \$20,922,000 had been invested or otherwise committed to Dundee Sarea Fund. The Corporation’s aggregate commitment to Dundee Sarea Fund is \$21,000,000. At June 30, 2018, Dundee Sarea Fund’s sole investment consisted of a 100% ownership in Redecam Group S.p.A, an Italian-based designer, manufacturer and installer of air filtration equipment and flue gas treatment systems for air pollution control.

*Union Group International Holdings Limited (“Union Group”)*

The Corporation has been unable to ascertain information regarding the carrying value of Union Group’s assets and liabilities and information regarding Union Group’s operating results. As a result, during 2017, the Corporation had impaired its carrying value in Union Group to its estimated recoverable amount of \$11,424,000, being the value of the Corporation’s share of Union Group’s investment in ICC Labs Inc. less an applicable liquidity discount of 30%. During the three and six months ended June 30, 2018, the value of the Corporation’s share of Union Group’s investment in ICC Labs Inc. increased, resulting in the recognition of equity earnings of \$689,000 and \$3,955,000 respectively. The Corporation anticipates that the determination of fair value may vary significantly in future periods, both as a result of changes in the fair value of Union Group’s investment in ICC Labs Inc., and also as Union Group provides audited evidence of the value of its other underlying assets.

*Dundee Securities Europe Limited*

In connection with the sale of 80% interest of DUK in April 2018 (note 5), the Corporation retained 1,968,000 class A voting shares and 450,000 class B 10% non-cumulative preference shares of DUK, which represented a 20% voting interest in DUK, the Corporation determined that it still has significant influence over the investment and accordingly, this investment is accounted for using the equity method.

**Share of (Loss) Earnings from Equity Accounted Investments**

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Android Industries, LLC	\$ (528)	\$ (20)	\$ (914)	\$ 94
Cambridge Medical Funding Group II, LLC	-	(14)	-	(64)
Cambridge Medical Capital Services LLC	-	(594)	-	(594)
Dundee Acquisition Ltd.	623	(66)	624	2,094
Dundee Sarea Acquisition I Limited Partnership	(405)	537	385	585
Dundee Sarea Limited Partnership	(132)	(41)	(192)	(63)
Dundee Securities Europe Limited	-	-	-	-
Odyssey Resources Limited	-	(18)	-	(16)
Paragon Holdings (Smithe Street) ULC	(38,822)	2,936	(52,592)	4,122
Union Group International Holdings Limited	689	(2,654)	3,955	(8,065)
	(38,575)	66	(48,734)	(1,907)
Real estate joint ventures	1	42	(107)	1,159
	<b>\$ (38,574)</b>	<b>\$ 108</b>	<b>\$ (48,841)</b>	<b>\$ (748)</b>

## 10. RESOURCE ASSETS

### Resource Assets in Continuing Operations

	<i>Property, Plant and Equipment</i>				Royalty Interest (note 5)	Other	Total
	Oil and Gas Development Costs	Pipeline Infrastructure	Machinery and Equipment	Land and Buildings			
<b>At December 31, 2017</b>							
Cost	\$ -	\$ -	\$ 286	\$ -	\$ 143,060	\$ 361	\$ 143,707
Accumulated depreciation and depletion	-	-	-	-	-	-	-
Net carrying value, December 31, 2017	-	-	286	-	143,060	361	143,707
<b>For the six months ended June 30, 2018</b>							
Carrying value December 31, 2017	-	-	286	-	143,060	361	143,707
Net additions *	-	-	-	-	7,263	-	7,263
Remeasurement of resource-based financial instruments **	-	-	-	-	5,337	-	5,337
Net carrying value, June 30, 2018	-	-	286	-	155,660	361	156,307
<b>At June 30, 2018</b>							
Cost	-	-	286	-	155,660	361	156,307
Accumulated depreciation and depletion	-	-	-	-	-	-	-
<b>Net carrying value, June 30, 2018</b>	<b>\$ -</b>	<b>\$ -</b>	<b>\$ 286</b>	<b>\$ -</b>	<b>\$ 155,660</b>	<b>\$ 361</b>	<b>\$ 156,307</b>

\* Represents a foreign currency translation gain associated with the translation of resource assets with carrying values denominated in a foreign currency.

\*\* During the six months ended June 30, 2018, the Corporation recorded a gain of \$2,016,000 in respect of changes in the fair value of contingent consideration associated with its royalty interest, increasing the gain designated as "Remeasurement of resource-based financial instruments" in the consolidated statement of operations to \$7,353,000. The contingent consideration amount is included in these consolidated statements of financial position as "Accounts receivable".

## Resource Assets in Discontinued Operations

	Property, Plant and Equipment					Exploration and Evaluation		Total
	Oil and Gas Development	Pipeline Infrastructure	Machinery and Equipment	Land and Buildings	Other	Undeveloped Properties		
	Costs							
<b>At December 31, 2016</b>								
Cost	\$ 157,371	\$ 27,751	\$ 26,122	\$ 4,715	\$ 1,709	\$ 25,371	\$ 243,039	
Accumulated depreciation and depletion	(86,274)	(9,527)	(8,213)	(170)	(566)	(6,934)	(111,684)	
Net carrying value, December 31, 2016	71,097	18,224	17,909	4,545	1,143	18,437	131,355	
<b>For the six months ended June 30, 2017</b>								
Carrying value December 31, 2016	71,097	18,224	17,909	4,545	1,143	18,437	131,355	
Net additions	-	-	(34)	-	-	439	405	
Remeasure decommissioning liabilities (note 14)	4,044	-	-	-	-	-	4,044	
Depreciation and depletion	(2,967)	(464)	(675)	(15)	(4)	-	(4,125)	
Net carrying value, June 30, 2017	72,174	17,760	17,200	4,530	1,139	18,876	131,679	
<b>At June 30, 2017</b>								
Cost	161,415	27,751	26,077	4,715	1,709	25,810	247,477	
Accumulated depreciation and depletion	(89,241)	(9,991)	(8,877)	(185)	(570)	(6,934)	(115,798)	
Net carrying value, June 30, 2017	72,174	17,760	17,200	4,530	1,139	18,876	131,679	
<b>From July 1, 2017 to December 31, 2017</b>								
Carrying value June 30, 2017	72,174	17,760	17,200	4,530	1,139	18,876	131,679	
Net additions	-	-	-	-	(2)	97	95	
Remeasure decommissioning liabilities (note 14)	(5,781)	-	-	-	-	-	(5,781)	
Depreciation and depletion	-	-	-	-	-	(18,973)	(18,973)	
Impairment	-	-	-	-	-	(18,973)	(18,973)	
Other	(3,048)	(466)	(668)	(16)	(3)	-	(4,201)	
Net carrying value, December 31, 2017	63,345	17,294	16,532	4,514	1,134	-	102,819	
<b>At December 31, 2017</b>								
Cost	155,634	27,751	26,077	4,715	1,707	25,907	241,791	
Accumulated depreciation and depletion	(92,289)	(10,457)	(9,545)	(201)	(573)	(25,907)	(138,972)	
Net carrying value, December 31, 2017	63,345	17,294	16,532	4,514	1,134	-	102,819	
<b>For the six months ended June 30, 2018</b>								
Carrying value December 31, 2017	63,345	17,294	16,532	4,514	1,134	-	102,819	
Net additions	-	-	33	-	-	-	33	
Remeasure decommissioning liabilities (note 14)	1,116	-	-	-	-	-	1,116	
Depreciation and depletion	(3,033)	(493)	(675)	(15)	(2)	-	(4,218)	
Net carrying value, June 30, 2018	61,428	16,801	15,890	4,499	1,132	-	99,750	
<b>At June 30, 2018</b>								
Cost	156,750	27,751	26,110	4,715	1,707	-	217,033	
Accumulated depreciation and depletion	(95,322)	(10,950)	(10,220)	(216)	(575)	-	(117,283)	
<b>Net carrying value, June 30, 2018</b>	<b>\$ 61,428</b>	<b>\$ 16,801</b>	<b>\$ 15,890</b>	<b>\$ 4,499</b>	<b>\$ 1,132</b>	<b>\$ -</b>	<b>\$ 99,750</b>	

## 11. LIVESTOCK

	For the six months ended June 30, 2018			For the year ended December 31, 2017		
	Inventory	Biological Assets	Total	Inventory	Biological Assets	Total
<b>Balance, beginning of period</b>	\$ 2,710	\$ 33,595	\$ 36,305	\$ 8,556	\$ 34,745	\$ 43,301
Loss on liquidation of net assets of BGPF	-	-	-	(11,735)	-	(11,735)
Net additions (usage / harvested)	(794)	(6,773)	(7,567)	5,889	(11,210)	(5,321)
Fair value changes	-	(1,965)	(1,965)	-	10,060	10,060
<b>Balance, end of period</b>	<b>\$ 1,916</b>	<b>\$ 24,857</b>	<b>\$ 26,773</b>	<b>\$ 2,710</b>	<b>\$ 33,595</b>	<b>\$ 36,305</b>

## 12. CAPITAL AND OTHER ASSETS

	<i>Capital Assets</i>				<i>Intangible Assets</i>		Total
	Furniture and Fixtures	Computer and Network Equipment	Land and Buildings	Other	Trademarks	Other Intangible Assets	
<b>At December 31, 2016</b>							
Cost	\$ 3,667	\$ 8,661	\$ 78,186	\$ 52,603	\$ 16,529	\$ 92,268	\$ 251,914
Accumulated depreciation	(2,470)	(7,636)	(12,448)	(18,514)	(9,641)	(14,479)	(65,188)
Net carrying value, December 31, 2016	1,197	1,025	65,738	34,089	6,888	77,789	186,726
<b>For the six months ended June 30, 2017</b>							
Carrying value December 31, 2016	1,197	1,025	65,738	34,089	6,888	77,789	186,726
Net additions	126	16	(827)	618	95	(14)	14
Depreciation	(255)	(413)	(519)	(3,415)	(514)	(2,998)	(8,114)
Net carrying value, June 30, 2017	1,068	628	64,392	31,292	6,469	74,777	178,626
<b>At June 30, 2017</b>							
Cost	3,789	8,254	77,359	52,344	16,624	92,254	250,624
Accumulated depreciation	(2,721)	(7,626)	(12,967)	(21,052)	(10,155)	(17,477)	(71,998)
Net carrying value, March 31, 2017	1,068	628	64,392	31,292	6,469	74,777	178,626
<b>From July 1, 2017 to December 31, 2017</b>							
Carrying value June 30, 2017	1,068	628	64,392	31,292	6,469	74,777	178,626
Liquidation of assets of BGGPF	(12)	(55)	-	(2,656)	-	(40,682)	(43,405)
Business dispositions	(45)	(52)	-	(94)	-	-	(191)
Net additions	(311)	(125)	521	(701)	-	(308)	(924)
Depreciation							
Impairment	-	-	(1,648)	-	-	-	(1,648)
Other	(164)	(66)	(535)	(1,875)	(516)	(2,218)	(5,374)
Net carrying value, December 31, 2017	536	330	62,730	25,966	5,953	31,569	127,084
<b>At December 31, 2017</b>							
Cost	2,705	5,769	77,805	45,928	16,624	47,223	196,054
Accumulated depreciation	(2,169)	(5,439)	(15,075)	(19,962)	(10,671)	(15,654)	(68,970)
Net carrying value, December 31, 2017	536	330	62,730	25,966	5,953	31,569	127,084
<b>For the six months ended June 30, 2018</b>							
Carrying value December 31, 2017	536	330	62,730	25,966	5,953	31,569	127,084
Net additions	(289)	(707)	213	(1,375)	81	(375)	(2,452)
Depreciation	96	538	(338)	(1,374)	(489)	(549)	(2,116)
Net carrying value, June 30, 2018	343	161	62,605	23,217	5,545	30,645	122,516
<b>At June 30, 2018</b>							
Cost	2,236	4,942	78,018	42,329	16,705	46,848	191,078
Accumulated depreciation	(1,893)	(4,781)	(15,413)	(19,112)	(11,160)	(16,203)	(68,562)
<b>Net carrying value, June 30, 2018</b>	<b>\$ 343</b>	<b>\$ 161</b>	<b>\$ 62,605</b>	<b>\$ 23,217</b>	<b>\$ 5,545</b>	<b>\$ 30,645</b>	<b>\$ 122,516</b>

## 13. CORPORATE DEBT

As at	June 30, 2018	December 31, 2017
<b>Corporate revolving term credit facility</b>	\$ -	\$ -
<b>Subsidiaries</b>		
Demand revolving credit facility, Dundee Energy Limited Partnership	56,300	57,400
Loan facilities, Blue Goose Capital Corp.	54,314	60,015
Loan facilities, Dundee 360 Real Estate Corporation	73	95
	110,687	117,510
Less: Corporate debt from discontinued operations		
Dundee Energy Limited Partnership	(56,300)	(57,400)
<b>Corporate debt, continuing operations</b>	<b>\$ 54,387</b>	<b>\$ 60,110</b>

### **Corporate Revolving Term Credit Facility**

On April 27, 2017, the Corporation established an \$80 million revolving term credit facility with a Canadian Schedule I Chartered Bank. The revolving term credit facility bears interest at a rate per annum equal to the prime lending rate for loans plus 1.50% or, at the Corporation's option, at the prevailing bankers' acceptance rate or London Interbank Offered Rate plus 2.50%. Unused amounts under the revolving term credit facility are subject to an annual standby fee of 0.50%. On April 26, 2018, the Corporation amended the terms of the revolving term credit facility by reducing the amounts available from \$80,000,000 to \$20,000,000 and by extending the maturity date from April 26, 2018 to June 26, 2018. The maturity date was further extended to August 26, 2018. All other terms and conditions of the revolving term credit facility remain unchanged.

At June 30, 2018, the Corporation had issued letters of credit in the amount of €2,400,000 (\$3,686,000 Canadian dollars) under the terms of the revolving term credit facility to support certain of its equity accounted investments. There were no further amounts drawn against the credit facility at June 30, 2018 and December 31, 2017.

The Corporation had granted a first ranking security over all of its assets as security against amounts borrowed under its expired revolving term credit facility. In addition to certain customary restrictions, including restrictions on the existence of other secured indebtedness, the Corporation's revolving term credit facility requires the maintenance of certain financial ratios relating to the fair value of certain of the Corporation's investments. Therefore, the Corporation's borrowing availability increased or decreased, reflecting corresponding increases or decreases in the fair value of the Corporation's investments. At June 30, 2018, the Corporation was in compliance with all debt covenants under the terms of its credit facility and its borrowing capacity was approximately \$12,000,000.

### **Loan Facilities, Blue Goose Capital Corp.**

Blue Goose and its subsidiaries have entered into several borrowing arrangements, pursuant to which Blue Goose had borrowed an aggregate of \$54,314,000 at June 30, 2018. Other than as described below, since December 31, 2017, there have been no significant changes to the terms of credit facilities and other debt instruments available to Blue Goose from those terms outlined in note 15 to the 2017 Audited Consolidated Financial Statements.

Blue Goose had established a \$10,000,000 real property loan facility with Farm Credit Canada, a leading lender to the agriculture sector, the proceeds of which were used to facilitate the acquisition of a ranch property in western Canada. The loan was secured by the ranch property. In addition, Dundee Agriculture Corporation, a wholly-owned subsidiary of the Corporation, provided a full guarantee in respect of amounts owing under these arrangements which, at June 30, 2018, was \$8,005,000. The real property loan bore interest at the lender's variable mortgage rate less 0.95% per annum, and matured on May 1, 2018, at which time the real property loan was renewed under amended terms that include interest at the lender's prime plus 2.05% and a maturity of May 1, 2023.

Other than as outlined above, the lending institutions to Blue Goose do not have recourse to Dundee Corporation in respect of any of the amounts borrowed.

### **Demand Revolving Credit Facility, Dundee Energy Limited Partnership**

DELP has established a credit facility with a Canadian Schedule I Chartered Bank secured against its assets, and Dundee Energy has also assigned a limited recourse guarantee of its units in DELP as further security against the credit facility. At June 30, 2018, DELP had drawn \$56,300,000 (December 31, 2017 – \$57,400,000) pursuant to the credit facility.

The credit facility is structured as a revolving demand loan, and is subject to a tiered interest rate structure based on DELP's net debt to cash flow ratio, as defined in the credit facility. Based on ratios at June 30, 2018, draws on the credit facility bore interest at the bank's prime lending rate plus 3.5%. DELP is subject to a standby fee of 0.55% on undrawn amounts under the credit facility.



The credit facility is subject to certain covenants, including maintenance of minimum levels of working capital. At June 30, 2018, DELP was in compliance with all such covenants. Notwithstanding, on July 21, 2017, Dundee Energy and DELP received notice from DELP's lender, demanding repayment of amounts borrowed, which Dundee Energy and DELP were unable to meet. The lenders are in the process of conducting a SSP pursuant to the provisions of the *Companies' Creditors Arrangement Act* (note 4). On April 20, 2018, the Corporation announced that a purchaser for substantially all of the assets of DELP had been identified. On June 12, 2018, the transaction was ratified and approved by the Ontario Superior Court of Justice. The Corporation anticipates that the transaction will be completed during the third quarter of 2018.

The lender to DELP does not have recourse to Dundee Corporation in respect of this lending arrangement.

#### Interest Expense Incurred on Corporate Debt

For the three months ended	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Dundee Corporation	\$ 56	\$ 555	\$ 204	\$ 1,287
Dundee Energy Limited Partnership	988	-	2,011	954
Blue Goose Capital Corp.	799	765	1,635	1,532
Blue Goose Pure Foods Ltd.	-	495	-	948
	1,843	1,815	3,850	4,721
Less: Interest expense from discontinued operations				
Dundee Energy Limited Partnership	(988)	-	(2,011)	(954)
Blue Goose Pure Foods Ltd.	-	(495)	-	(948)
<b>Interest expense from continuing operations</b>	<b>\$ 855</b>	<b>\$ 1,320</b>	<b>\$ 1,839</b>	<b>\$ 2,819</b>

#### 14. DECOMMISSIONING LIABILITIES, DISCONTINUED OPERATIONS

	As at and for the six months ended	As at and for the year ended
	June 30, 2018	December 31, 2017
<i>Discount rates applied to future obligations</i>	1.77% - 2.15%	1.64% - 2.15%
<i>Inflation rate</i>	2.00%	2.00%
Discounted future obligations, beginning of period	\$ 51,706	\$ 55,520
Effect of changes in estimates and remeasurement of discount and foreign exchange rates	1,116	(1,737)
Liabilities settled (reclamation expenditures)	(1,717)	(3,449)
Accretion (interest expense)	693	1,372
<b>Discounted future obligations, end of period</b>	<b>\$ 51,798</b>	<b>\$ 51,706</b>

#### 15. PREFERENCE SHARES

The terms of the Corporation's First Preference Shares, Series 2 ("Preference Shares, series 2"), First Preference Shares, Series 3 ("Preference Shares, series 3") and First Preference Shares, Series 5 ("Preference Shares, series 5"), and significant transactions in respect thereof during the year ended December 31, 2017, are summarized in note 17 to the Corporation's 2017 Audited Consolidated Financial Statements.

##### Issued and Outstanding Preference Shares, series 2

	Number of Shares	Par Value	Issue Costs	Carrying Value
Balance as at June 30, 2018 and December 31, 2017	3,479,385	\$ 86,985	\$ (2,932)	\$ 84,053

The Preference Shares, series 2 carry an annual coupon rate of 5.688%. During the three and six months ended June 30, 2018, the Corporation paid dividends of \$1,237,000 and \$2,474,000 respectively on its outstanding Preference Shares, series 2 (three and six months ended June 30, 2017 – \$1,237,000 and \$2,474,000 respectively).

#### Issued and Outstanding Preference Shares, series 3

	Number of Shares	Par Value	Carrying Value
Balance as at June 30, 2018 and December 31, 2017	1,720,615	\$ 43,015	\$ 43,015

The Preference Shares, series 3 are subject to a floating dividend rate. During the three and six months ended June 30, 2018, the Corporation paid dividends of \$565,000 and \$1,092,000 respectively (three and six months ended June 30, 2017 – \$491,000 and \$980,000 respectively) on its outstanding Preference Shares, series 3, representing a coupon rate of ranging from 4.97% to 5.27% respectively (three and six months ended June 30, 2017 – ranging from 4.58% to 4.61% respectively).

#### Issued and Outstanding Preference Shares, series 5

	Number of Shares	Par Value	Carrying Value
Balance as at December 31, 2016	3,598,203	\$ 89,955	\$ 92,359
<b>For the six months ended June 30, 2017</b>			
Amortization of premium	-	-	(574)
Balance as at June 30, 2017	3,598,203	89,955	91,785
<b>From July 1, 2017 to December 31, 2017</b>			
Amortization of premium	-	-	(574)
Balance as at December 31, 2017	3,598,203	89,955	91,211
<b>For the six months ended June 30, 2018</b>			
Redemption	(303,265)	(7,582)	(7,582)
Amortization of premium	-	-	(686)
<b>Balance as at June 30, 2018 *</b>	<b>3,294,938</b>	<b>\$ 82,373</b>	<b>\$ 82,943</b>

\* The fair value of outstanding Preference Shares, series 5 as at June 30, 2018 was \$79,902,000.

The Preference Shares, series 5 carry an annual coupon rate of 7.5%. During the three and six months ended June 30, 2018, the Corporation paid dividends of \$1,545,000 and \$3,138,000 respectively (three and six months ended June 30, 2017 – \$1,686,000 and \$3,373,000 respectively) on its outstanding Preference Shares, series 5. These amounts have been included as “Interest expense” in the June 2018 Interim Consolidated Financial Statements.

In accordance with the terms of the Corporation’s Preference Shares, series 5, holders thereof had the option to redeem up to 17% of their holdings on January 31, 2018 at a price of \$25.00 per share. During the first half of 2018, the Corporation paid cash of \$7,582,000 to redeem 303,265 Preference Shares, series 5 pursuant to these arrangements.

## 16. SHARE CAPITAL

The terms of the Corporation’s Class A subordinate voting shares (“Subordinate Shares”) and Class B common shares (“Class B Shares”), and significant transactions in respect thereof during the year ended December 31, 2017, are summarized in note 18 to the Corporation’s 2017 Audited Consolidated Financial Statements.

## Issued and Outstanding

	SUBORDINATE SHARES		CLASS B SHARES		TOTAL	
	Number	Amount	Number	Amount	Number	Amount
<b>Outstanding December 31, 2016</b>	55,621,546	\$ 274,080	3,114,936	\$ 8,154	58,736,482	\$ 282,234
<b>For the six months ended June 30, 2017</b>						
Issuance of shares under						
share incentive arrangements	54,385	296	-	-	54,385	296
Conversion from Class B Shares						
to Subordinate Shares	63	-	(63)	-	-	-
Outstanding June 30, 2017	55,675,994	274,376	3,114,873	8,154	58,790,867	282,530
<b>From July 1, 2017 to December 31, 2017</b>						
Issuance of shares under						
share incentive arrangements	25,540	189	-	-	25,540	189
Conversion from Class B Shares						
to Subordinate Shares	69	-	(69)	-	-	-
Outstanding December 31, 2017	55,701,603	274,565	3,114,804	8,154	58,816,407	282,719
<b>For the six months ended June 30, 2018</b>						
Issuance of shares under						
share incentive arrangements	205,992	708	-	-	205,992	708
<b>Outstanding June 30, 2018</b>	<b>55,907,595</b>	<b>\$ 275,273</b>	<b>3,114,804</b>	<b>\$ 8,154</b>	<b>59,022,399</b>	<b>\$ 283,427</b>

## Subordinate Share Warrants

At June 30, 2018 and December 31, 2017, there were 1,421,124 subordinate share warrants outstanding. Each subordinate share warrant entitles the holder thereof to purchase one Subordinate Share of the Corporation at a price of \$6.00 per Subordinate Share on or before June 30, 2019, after which time the subordinate share warrant will expire and be of no further force and effect.

## Accumulated Other Comprehensive Income

	Equity Accounted Investments	Foreign Currency Translation	Non- controlling Interest	Total
Balance at December 31, 2016	\$ (9,743)	\$ 86,694	\$ (11,300)	\$ 65,651
<b>For the six months ended June 30, 2017</b>				
Other comprehensive income (loss)	5,576	(8,314)	1,176	(1,562)
Balance at June 30, 2017	(4,167)	78,380	(10,124)	64,089
<b>From July 1, 2017 to December 31, 2017</b>				
Other comprehensive loss	(1,304)	(7,114)	1,068	(7,350)
Transfer of realized foreign currency translation gain in UHCL to net earnings (loss)	-	(64,436)	10,581	(53,855)
Reattribution of accumulated other comprehensive income on change of ownership interest in subsidiaries	-	-	(76)	(76)
Balance at December 31, 2017	(5,471)	6,830	1,449	2,808
<b>For the six months ended June 30, 2018</b>				
Other comprehensive income	83	9,875	(1,810)	8,148
<b>Balance at June 30, 2018</b>	<b>\$ (5,388)</b>	<b>\$ 16,705</b>	<b>\$ (361)</b>	<b>\$ 10,956</b>

## 17. NON-CONTROLLING INTEREST

As at	June 30, 2018	December 31, 2017
<b>Non-controlling interest in continuing operations:</b>		
Blue Goose Capital Corp.	\$ 408	\$ 1,818
Dundee Energy Limited	(3,251)	(3,631)
United Hydrocarbon International Corp.	37,071	34,181
Other	(7,588)	(6,954)
	26,640	25,414
<b>Non-controlling interest in discontinued operations:</b>		
Dundee Energy Limited Partnership	(2,940)	(1,469)
	\$ 23,700	\$ 23,945

## 18. REVENUES

### Revenues from Continuing Operations

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Management fees	\$ 463	\$ 565	\$ 1,045	\$ 1,127
Financial services	1,118	2,165	1,387	6,087
Resource services	580	662	1,099	873
Agriculture	8,977	9,229	19,897	19,949
Real estate	27,235	33,191	45,753	52,725
Interest, dividends and other	5,141	5,564	8,212	8,420
	\$ 43,514	\$ 51,376	\$ 77,393	\$ 89,181

### Revenues from Discontinued Operations

	For the three months ended		For the three months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Oil and gas, net of royalties	5,556	5,859	\$ 11,134	\$ 11,805
Agriculture	-	24,541	-	46,879
Interest, dividends and other	22	72	49	114
	\$ 5,578	\$ 30,472	\$ 11,183	\$ 58,798

## 19. SHARE INCENTIVE PLAN ARRANGEMENTS

The terms of the Corporation's share based compensation plans are summarized in note 21 to the Corporation's 2017 Audited Consolidated Financial Statements.

### Share Bonus Plan

Aggregate share bonus awards granted but not yet vested at June 30, 2018 pursuant to the Corporation's share bonus plan were 261,745.

### Performance Share Unit Plan

There were 682,500 performance share units outstanding as at June 30, 2018.

### Deferred Share Unit Plan

During the six months ended June 30, 2018, the Corporation paid cash of \$49,000 and issued 156,949 Subordinate Shares from treasury in net settlement of 99,053 deferred share units that track the value of the Corporation's Subordinate Shares, and 59,335 deferred share units that track the value of class A subordinate voting shares of Dream Unlimited Corp. At June 30, 2018, there were 1,316,048 deferred share units outstanding that track the value of the Corporation's Subordinate Shares

and 1,129,910 deferred share units outstanding that track the value of class A subordinate voting shares of Dream Unlimited Corp.

### Stock Based Compensation

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Deferred share unit plan	\$ 71	\$ 92	\$ 142	\$ 202
Share bonus plan	(290)	203	(86)	366
Performance share unit plan	26	224	264	469
Dream Unlimited Corp. tracking share incentive arrangements:				
Deferred share units	624	666	2,396	803
	<b>\$ 431</b>	<b>\$ 1,185</b>	<b>\$ 2,716</b>	<b>\$ 1,840</b>

### Stock Based Compensation of Other Subsidiaries

From time to time, other subsidiaries of the Corporation may incur stock based compensation expense pursuant to their respective share incentive plan arrangements. During the three and six months ended June 30, 2018, these subsidiaries recognized a stock based compensation expense amount of \$609,000 and \$617,000 respectively (three and six months ended June 30, 2017 – \$245,000 and \$1,340,000 respectively).

## 20. GENERAL AND ADMINISTRATIVE EXPENSES BY NATURE

### General and Administrative Expenses in Continuing Operations

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Salary and salary-related	\$ 11,235	\$ 6,699	\$ 18,572	\$ 16,050
Stock based compensation	1,040	1,430	3,333	3,180
Corporate and professional fees	2,363	3,873	3,862	7,593
General office	6,084	6,146	11,033	10,663
Other	2,159	2,353	3,744	4,346
	<b>\$ 22,881</b>	<b>\$ 20,501</b>	<b>\$ 40,544</b>	<b>\$ 41,832</b>

### General and Administrative Expenses in Discontinued Operations

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Salary and salary-related	\$ 616	\$ 1,023	\$ 1,149	\$ 1,786
Corporate and professional fees	561	437	1,416	914
General office	162	509	769	844
Capitalized expenditures	(499)	(561)	(839)	(948)
	840	1,408	2,495	2,596
Change in fair value of contingent consideration	-	(5,136)	-	(4,177)
	<b>\$ 840</b>	<b>\$ (3,728)</b>	<b>\$ 2,495</b>	<b>\$ (1,581)</b>

## 21. INCOME TAXES

During the six months ended June 30, 2018, the Corporation recognized an income tax recovery amount on its loss from continuing operations of \$2,454,000 (six months ended June 30, 2017 – income tax expense of \$6,277,000), the major components of which include the following items:

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Current income tax expense	\$ (3,436)	\$ (1,261)	\$ (4,783)	\$ (1,535)
Deferred income tax recovery (expense)	323	8,146	7,237	(4,742)
<b>Total income tax recovery (expense)</b>	<b>\$ (3,113)</b>	<b>\$ 6,885</b>	<b>\$ 2,454</b>	<b>\$ (6,277)</b>

In addition, the Corporation recognized an income tax expense in respect of discontinued operations of \$1,322,000 during the six months ended June 30, 2017.

The income tax recovery (expense) amount on pre-tax loss (income) from continuing operations differs from the income tax recovery (expense) amount that would arise using the combined Canadian federal and provincial statutory tax rate of 26% (six months ended June 30, 2017 – 26%), as a result of the following items:

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Loss (earnings) before tax at statutory rate of 26% (2017 – 26%)	\$ 19,631	\$ 9,691	\$ 27,306	\$ (1,356)
Effect on taxes of:				
Non-deductible expenses	(800)	(854)	(1,762)	(1,632)
Non-taxable revenue	(136)	280	64	807
Net income tax not previously recognized	(8)	234	(8)	234
Loss in tax exempt foreign jurisdiction	-	(379)	-	(826)
Change in unrecognized temporary differences	(21,817)	(2,842)	(22,887)	(3,730)
Other differences	17	755	(259)	226
<b>Total income tax recovery (expense)</b>	<b>\$ (3,113)</b>	<b>\$ 6,885</b>	<b>\$ 2,454</b>	<b>\$ (6,277)</b>

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

As at	June 30, 2018	December 31, 2017
Deferred income tax assets		
Loss carry forwards	\$ 51,092	\$ 49,770
Capital and other assets	3,385	2,809
Non-deductible reserves	850	850
Accrued liabilities	620	667
Other	3,767	4,002
Total deferred income tax assets	59,714	58,098
Deferred income tax liabilities		
Investments including equity accounted investments	(11,448)	(16,685)
Other	(14,744)	(15,163)
Total deferred income tax liabilities	(26,192)	(31,848)
<b>Net deferred income tax assets</b>	<b>\$ 33,522</b>	<b>\$ 26,250</b>

A deferred income tax asset is only recognized when management believes it is more likely than not that the benefit will be recognized, which management considers will occur with appreciation in the value of its investments.

At June 30, 2018, the Corporation had operating loss carry forwards of \$527,656,000 (December 31, 2017 – \$505,195,000) and capital loss carry forwards of \$234,396,000 (December 31, 2017 – \$231,918,000).

Year of Expiry:	Recognized		Unrecognized		Total
2024 and subsequent years	\$	190,178	\$	319,639	\$ 509,817
Non-Canadian		-		17,839	17,839
Total operating loss carry forwards	\$	<b>190,178</b>	\$	<b>337,478</b>	\$ <b>527,656</b>
No expiry - Capital loss carry forwards	\$	<b>2,873</b>	\$	<b>231,523</b>	\$ <b>234,396</b>

## 22. NET (LOSS) EARNINGS PER SHARE

	For the three months ended		For the six months ended	
	June 30, 2018	June 30, 2017	June 30, 2018	June 30, 2017
Net (loss) earnings attributable to owners of the parent	\$ (76,930)	\$ (24,525)	\$ (101,719)	\$ 5,014
Less: Dividends on Preference Shares, series 2	(1,237)	(1,237)	(2,474)	(2,474)
Dividends on Preference Shares, series 3	(565)	(491)	(1,092)	(980)
	\$ (78,732)	\$ (26,253)	\$ (105,285)	\$ 1,560
Represented by:				
Continuing operations	\$ (77,639)	\$ (30,281)	\$ (103,257)	\$ (2,119)
Discontinued operations	(1,093)	4,028	(2,028)	3,679
Weighted average number of shares outstanding during the period	58,946,188	58,790,867	58,881,658	58,773,923
Basic (loss) earnings per share				
Continuing operations	\$ (1.32)	\$ (0.51)	\$ (1.75)	\$ (0.03)
Discontinued operations	(0.02)	0.06	(0.04)	0.06
	\$ (1.34)	\$ (0.45)	\$ (1.79)	\$ 0.03
Effect of dilutive securities on weighted average number of shares outstanding during the period	n/a	n/a	n/a	3,611,302
Diluted (loss) earnings per share				
Continuing operations	\$ (1.32)	\$ (0.51)	\$ (1.75)	\$ (0.03)
Discontinued operations	(0.02)	0.06	(0.04)	0.06
	\$ (1.34)	\$ (0.45)	\$ (1.79)	\$ 0.03

The Preference Shares, series 5 are convertible at the option of the Corporation, into Subordinate Shares at any time prior to June 30, 2019. The Preference Shares, series 5 would be converted into approximately 41,599,000 Subordinate Shares at June 30, 2018 which could potentially dilute the basic earnings per share in the future, but were not included in the calculation of the diluted earnings per share because they are anti-dilutive for the periods presented.

## 23. SUPPLEMENTAL CASH FLOW INFORMATION

### Items Not Affecting Cash and Other Adjustments

For the six months ended	June 30, 2018	June 30, 2017
Depreciation and depletion	\$ 3,053	\$ 5,079
Net loss (gain) from investments	24,910	(32,634)
Share of loss from equity accounted investments	48,841	748
Deferred income taxes	(7,237)	4,742
Stock based compensation	3,333	3,180
Loss on business disposition (note 5)	-	6
Harvesting of livestock	11,187	12,554
Fair value changes in		
Livestock	1,965	(8,363)
Royalty interest (note 10)	(5,337)	-
Contingent consideration (note 10)	(2,016)	(206)
Other	670	(4,459)
	\$ <b>79,369</b>	\$ <b>(19,353)</b>

### Changes in Non-Cash Working Capital Items

For the six months ended	June 30, 2018	June 30, 2017
Accounts receivable	\$ 472	\$ 1,055
Accounts payable and accrued liabilities	(5,278)	(15,621)
Current income tax amounts	(1,055)	(2,212)
Brokerage securities owned and sold short, net	(4,233)	1,074
Client accounts receivable, net of client deposits and related liabilities	3,972	(20,656)
Agricultural inventory	(1,503)	(1,781)
	<b>\$ (7,625)</b>	<b>\$ (38,141)</b>

## 24. FINANCIAL INSTRUMENTS

The following table summarizes those assets and liabilities that are included at their fair values in the Corporation's consolidated statements of financial position, or those assets and liabilities for which fair value is otherwise disclosed in the accompanying notes to the consolidated financial statements. These assets and liabilities have been categorized into hierarchical levels, according to the significance of the inputs used in determining fair value measurements.

	Carrying Value as at June 30, 2018	Fair Value as at June 30, 2018		
		Quoted prices in active markets for identical assets (Level 1)	Significant other observable inputs (Level 2)	Significant unobservable inputs (Level 3)
<b>Recurring Measurements</b>				
<b>Financial Assets</b>				
Investments				
Publicly traded securities	\$ 164,363	\$ 164,363	\$ -	\$ -
Private investments	125,900	-	-	125,900
Debt securities	37,319	-	-	37,319
Warrants and options	223	11	-	212
Equity accounted investments				
Union Group International Holdings Limited	16,016	-	-	16,016
Accounts receivable				
Contingent consideration	35,357	-	-	35,357
Brokerage securities owned				
Equities	13,529	13,069	460	-
Other	18	-	18	-
<b>Financial Liabilities</b>				
Brokerage securities sold short	(456)	(444)	(12)	-
<b>Resource assets</b>				
Royalty interest	155,660	-	-	155,660
<b>Livestock</b>	24,857	-	24,857	-
<b>Disclosure of Fair Value</b>				
Preference Shares, series 5	82,943	79,902	-	-



A summary of changes in the fair value of level 3 financial assets during the six months ended June 30, 2018, is as follows:

	Private Investments	Debt Securities	Warrants and Options	Equity Accounted Investments	Royalty Interest	Contingent Consideration	Total
At December 31, 2017	\$ 127,459	\$ 27,983	\$ 764	\$ 11,424	\$ 143,060	\$ 31,705	\$ 342,395
<b>For the six months ended June 30, 2018</b>							
New investments	17,641	15,500	-	-	-	-	33,141
Proceeds from sales of investments	(9,292)	(5,124)	-	-	-	-	(14,416)
Transfer to level 1	(3,750)	-	-	-	-	-	(3,750)
Changes in market values *	(6,158)	(2,349)	(552)	4,592	5,337	2,016	2,886
Other transactions	-	1,309	-	-	7,263	1,636	10,208
<b>At June 30, 2018</b>	<b>\$ 125,900</b>	<b>\$ 37,319</b>	<b>\$ 212</b>	<b>\$ 16,016</b>	<b>\$ 155,660</b>	<b>\$ 35,357</b>	<b>\$ 370,464</b>

\* Changes in market values include an unrealized loss of \$10,000,000 on private investments related to the Corporation's investment in Parq Equity Limited Partnership.

Reasonably possible changes in the value of unobservable inputs for any of these individual investments would not significantly change the fair value of investments classified as level 3 in the fair value hierarchy. Other than as described above, there have been no other transfers between the fair value hierarchy levels during the six months ended June 30, 2018.

A detailed description of the Corporation's financial assets and financial liabilities and its associated risk management in respect thereof are provided in note 26 to the 2017 Audited Consolidated Financial Statements. There have been no significant changes in the business and economic circumstances and the related financial risks that affect the Corporation's valuation of financial assets and financial liabilities since December 31, 2017.

## 25. CAPITAL MANAGEMENT

The Corporation defines the capital that it manages as the aggregate of its shareholders' equity and interest bearing debt, including certain outstanding preference shares. The following table summarizes the carrying value of the Corporation's capital as at June 30, 2018 and December 31, 2017.

As at	June 30, 2018	December 31, 2017
Shareholders' equity	\$ 640,408	\$ 736,560
Corporate debt	54,387	60,110
Preference Shares, series 5	82,943	91,211
	<b>\$ 777,738</b>	<b>\$ 887,881</b>

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

Certain of the Corporation's subsidiaries are subject to regulatory capital requirements. Compliance with these requirements requires that the subsidiaries maintain sufficient cash and other liquid assets on hand to maintain regulatory capital requirements, rather than using these liquid assets in connection with its business or otherwise. As at June 30, 2018 and December 31, 2017, these subsidiaries complied with all regulatory capital requirements.

Certain of the Corporation's subsidiaries, including those in the development stage, may have significant liquidity risk without the continued financial support of Dundee Corporation.

There are uncertainties related to the timing and use of the Corporation's cash resources and available borrowing capacity. The development stage of the Corporation's investments and business strategies may not generate sufficient operating cash flows to fund their obligations as they become due. As such, these obligations may require that the Corporation generate liquidity through the divestiture of non-core investments, through the use of available borrowing capacity, or through the issuance of debt or equity. The Corporation may experience difficulty in obtaining satisfactory financial terms. Failure to obtain adequate financing on satisfactory terms may have a material adverse effect to the Corporation's results of operations or its financial condition.

## **26. COMMITMENTS, CONTINGENCIES AND OFF-BALANCE SHEET ARRANGEMENTS**

A description of the Corporation's commitments, contingencies and off-balance sheet arrangements is provided in note 28 to the Corporation's 2017 Audited Consolidated Financial Statements.

### *Legal Contingencies*

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

### *Tax Contingencies*

Filing of the Corporation's tax returns requires the interpretation of complex tax laws and regulations. The Canada Revenue Agency audits the Corporation's tax returns annually to ensure compliance with the tax laws and regulations. For the taxation year ended December 31, 2014, the Canada Revenue Agency has issued a letter of proposed adjustments challenging a principal filing position and proposing material adjustments. As of the filing of June 2018 Interim Consolidated Financial Statements, the Corporation cannot be assured the Canada Revenue Agency will accept the filing position. If the filing position is not accepted, there could be a material change to the current and deferred income tax assets and liabilities and a significant impact to liquidity, the amount of which cannot be quantified at this time.

## **27. RELATED PARTY TRANSACTIONS**

There have been no significant changes in the nature and scope of related party transactions to those described in note 29 to the Corporation's 2017 Audited Consolidated Financial Statements.

## 28. SEGMENTED INFORMATION

The Corporation's reportable business segments are organized in a manner that reflects how management views those business activities. The tabular information that follows shows data of reportable segments reconciled to amounts reflected in these consolidated financial statements.

<i>Business Entity</i>	<i>Business Activity</i>
Corporate and Other Portfolio Holdings	Investments in public and private equity and debt securities in diversified industry segments
Goodman & Company, Investment Counsel Inc.	100%-owned private subsidiary registered as a portfolio manager and exempt market dealer across Canada and an investment fund manager in Ontario, Quebec and Newfoundland. This segment also includes the activities of Dundee Global Investment Management Inc. through which the Corporation previously explored certain wealth management strategies
Dundee Securities Ltd.	100%-owned private subsidiary and, historically, a full-service Canadian investment dealer registered with the Investment Industry Regulatory Organization of Canada
Dundee Energy Limited	58%-owned public, non-listed subsidiary in the oil and gas industry
Dundee Energy Limited Partnership (Discontinued operations) ("note 4")	58%-owned private subsidiary engaged in oil and gas activities in southern Ontario
United Hydrocarbon International Corp.	83%-owned private subsidiary engaged in oil and gas exploration through the holding of a royalty interest in the Republic of Chad
Dundee Sustainable Technologies Inc.	63%-owned publicly listed subsidiary developing patented sustainable precious and base metals extraction processes
Eurogas International Inc.	54%-owned publicly listed subsidiary engaged in oil and gas exploration
Blue Goose Capital Corp.	90%-owned private subsidiary operating in organic and natural protein processing and production
Blue Goose Pure Foods Inc. (Discontinued operations) ("note 4")	Previous 90%-owned private subsidiary specializing in the production, processing and distribution of meat products
AgriMarine Holdings Inc.	100%-owned private aquaculture company focused on fish farming and sustainable aquaculture technologies
Dundee 360 Real Estate Corporation	100%-owned private subsidiary engaged in development and management of international hotel, resort, residential and commercial real estate projects

## Segmented Operations for the Six Months Ended June 30, 2018

	Revenues	Cost of Sales	Other Amounts in Earnings (Loss)	Net Earnings (Loss)
<i>Corporate and other portfolio holdings</i>	\$ 6,963	\$ -	\$ (91,213)	\$ (84,250)
<i>Asset management and capital markets</i>				
Goodman & Company, Investment Counsel Inc.	1,111	-	(4,923)	(3,812)
Dundee Securities Ltd.	2,408	(1,189)	(3,780)	(2,561)
<i>Resource industry</i>				
Dundee Energy Limited	-	-	619	619
Dundee Energy Limited Partnership	11,183	(5,526)	(9,156)	(3,499)
United Hydrocarbon International Corp.	-	-	6,719	6,719
Dundee Sustainable Technologies Inc.	1,107	(744)	(1,893)	(1,530)
Eurogas International Inc.	-	-	(329)	(329)
<i>Agriculture industry</i>				
Blue Goose Capital Corp.	14,784	(20,746)	(8,492)	(14,454)
Blue Goose Pure Foods Ltd.	-	-	-	-
AgriMarine Holdings Inc.	5,823	(5,874)	(1,687)	(1,738)
<i>Real estate industry</i>				
Dundee 360 Real Estate Corporation	46,156	(36,875)	(10,985)	(1,704)
<i>Intersegment</i>	(959)	-	959	-
	88,576	(70,954)	(124,161)	(106,539)
<i>Less: Discontinued operations</i>				
Dundee Energy Limited Partnership	(11,183)	5,526	9,156	3,499
Blue Goose Pure Foods Ltd.	-	-	-	-
<b>LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST</b>	\$ 77,393	\$ (65,428)	\$ (115,005)	(103,040)
Income taxes				2,454
Non-controlling interest				895
<b>NET LOSS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				<b>\$ (99,691)</b>
Discontinued operations, before income taxes and non-controlling interest	\$ 11,183	\$ (5,526)	\$ (9,156)	(3,499)
Income taxes				-
Non-controlling interest				1,471
<b>NET LOSS FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				<b>\$ (2,028)</b>

### Segmented Operations for the Six Months Ended June 30, 2017

	Revenues	Cost of Sales	Other Amounts in Earnings (Loss)	Net Earnings (Loss)
<i>Corporate and other portfolio holdings</i>	\$ 7,759	\$ -	\$ 15,887	\$ 23,646
<i>Asset management and capital markets</i>				
Goodman & Company, Investment Counsel Inc.	1,307	-	(3,762)	(2,455)
Dundee Securities Ltd.	7,158	(1,293)	(6,295)	(430)
<i>Resource industry</i>				
Dundee Energy Limited	-	-	(382)	(382)
Dundee Energy Limited Partnership	11,919	(5,345)	(6,997)	(423)
United Hydrocarbon International Corp.	-	-	(6,690)	(6,690)
Dundee Sustainable Technologies Inc.	873	(831)	(1,809)	(1,767)
Eurogas International Inc.	-	-	(337)	(337)
<i>Agriculture industry</i>				
Blue Goose Capital Corp.	14,714	(21,192)	2,521	(3,957)
Blue Goose Pure Foods Ltd.	46,879	(41,064)	(96)	5,719
AgriMarine Holdings Inc.	5,373	(6,515)	(1,556)	(2,698)
<i>Real estate industry</i>				
Dundee 360 Real Estate Corporation	52,689	(40,906)	(11,597)	186
<i>Intersegment</i>	(692)	-	692	-
	147,979	(117,146)	(20,421)	10,412
<i>Less: Discontinued operations</i>				
Dundee Energy Limited Partnership	(11,919)	5,345	6,997	423
Blue Goose Pure Foods Ltd.	(46,879)	41,064	96	(5,719)
<b>EARNINGS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST</b>	\$ 89,181	\$ (70,737)	\$ (13,328)	5,116
Income taxes				(6,277)
Non-controlling interest				2,496
<b>NET EARNINGS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				<b>\$ 1,335</b>
Discontinued operations, before income taxes and non-controlling interest	\$ 58,798	\$ (46,409)	\$ (7,093)	5,296
Income taxes				(1,322)
Non-controlling interest				(295)
<b>NET EARNINGS FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				<b>\$ 3,679</b>

### Segmented Operations for the Three Months Ended June 30, 2018

	Revenues	Cost of Sales	Other Amounts in Earnings (Loss)	Net Earnings (Loss)
<i>Corporate and other portfolio holdings</i>	\$ 4,409	\$ -	\$ (65,906)	\$ (61,497)
<i>Asset management and capital markets</i>				
Goodman & Company, Investment Counsel Inc.	403	-	(2,275)	(1,872)
Dundee Securities Ltd.	1,673	(689)	(1,705)	(721)
<i>Resource industry</i>				
Dundee Energy Limited	-	-	(87)	(87)
Dundee Energy Limited Partnership	5,578	(3,230)	(4,233)	(1,885)
United Hydrocarbon International Corp.	-	-	683	683
Dundee Sustainable Technologies Inc.	588	(308)	(1,357)	(1,077)
Eurogas International Inc.	-	-	(165)	(165)
<i>Agriculture industry</i>				
Blue Goose Capital Corp.	6,438	(8,179)	(6,313)	(8,054)
Blue Goose Pure Foods Ltd.	-	-	-	-
AgriMarine Holdings Inc.	3,153	(3,506)	(911)	(1,264)
<i>Real estate industry</i>				
Dundee 360 Real Estate Corporation	27,400	(21,821)	(5,602)	(23)
<i>Intersegment</i>	(550)	-	550	-
	49,092	(37,733)	(87,321)	(75,962)
<i>Less: Discontinued operations</i>				
Dundee Energy Limited Partnership	(5,578)	3,230	4,233	1,885
Blue Goose Pure Foods Ltd.	-	-	-	-
<b>LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST</b>	\$ 43,514	\$ (34,503)	\$ (83,088)	(74,077)
Income taxes				(3,113)
Non-controlling interest				1,353
<b>NET LOSS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				<b>\$ (75,837)</b>
Discontinued operations, before income taxes and non-controlling interest	\$ 5,578	\$ (3,230)	\$ (4,233)	(1,885)
Income taxes				-
Non-controlling interest				792
<b>NET LOSS FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				<b>\$ (1,093)</b>

### Segmented Operations for the Three Months Ended June 30, 2017

	Revenues	Cost of Sales	Other Amounts in Earnings (Loss)	Net Earnings (Loss)
<i>Corporate and other portfolio holdings</i>	\$ 5,452	\$ -	\$ (31,542)	\$ (26,090)
<i>Asset management and capital markets</i>				
Goodman & Company, Investment Counsel Inc.	656	-	(1,561)	(905)
Dundee Securities Ltd.	2,564	(410)	(3,624)	(1,470)
<i>Resource industry</i>				
Dundee Energy Limited	-	-	(176)	(176)
Dundee Energy Limited Partnership	5,931	(2,845)	(3,660)	(574)
United Hydrocarbon International Corp.	-	-	(3,385)	(3,385)
Dundee Sustainable Technologies Inc.	662	(561)	(725)	(624)
Eurogas International Inc.	-	-	(190)	(190)
<i>Agriculture industry</i>				
Blue Goose Capital Corp.	7,846	(10,594)	699	(2,049)
Blue Goose Pure Foods Ltd.	24,541	(20,880)	2,771	6,432
AgriMarine Holdings Inc.	1,418	(2,444)	(677)	(1,703)
<i>Real estate industry</i>				
Dundee 360 Real Estate Corporation	33,126	(26,241)	(6,861)	24
<i>Intersegment</i>	(348)	-	348	-
	81,848	(63,975)	(48,583)	(30,710)
<i>Less: Discontinued operations</i>				
Dundee Energy Limited Partnership	(5,931)	2,845	3,660	574
Blue Goose Pure Foods Ltd.	(24,541)	20,880	(2,771)	(6,432)
<b>LOSS FROM CONTINUING OPERATIONS BEFORE INCOME TAXES AND NON-CONTROLLING INTEREST</b>	\$ 51,376	\$ (40,250)	\$ (47,694)	(36,568)
Income taxes				6,885
Non-controlling interest				1,130
<b>NET LOSS FROM CONTINUING OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				<b>\$ (28,553)</b>
Discontinued operations, before income taxes and non-controlling interest	\$ 30,472	\$ (23,725)	\$ (889)	5,858
Income taxes				(1,578)
Non-controlling interest				(252)
<b>NET EARNINGS FROM DISCONTINUED OPERATIONS ATTRIBUTABLE TO OWNERS OF THE PARENT</b>				<b>\$ 4,028</b>

### Segmented Net Assets as at June 30, 2018

	ASSETS						LIABILITIES		
	Cash	Investments	Deferred Income Taxes	Other Assets	Total	Corporate Debt	Other Liabilities	Total	
<i>Corporate and other portfolio holdings</i>	\$ 30,549	\$ 385,745	\$ 34,711	\$ 17,518	\$ 468,523	\$ -	\$ (110,543)	\$ (110,543)	
<i>Asset management and capital markets</i>									
Goodman & Company, Investment Counsel Inc.	3,266	803	-	509	4,578	-	(128)	(128)	
Dundee Securities Ltd.	12,411	-	-	22,638	35,049	-	(9,765)	(9,765)	
<i>Resource industry</i>									
Dundee Energy Limited	164	-	-	-	164	-	(2,897)	(2,897)	
Dundee Energy Limited Partnership	2,897	-	-	105,264	108,161	(56,300)	(58,853)	(115,153)	
United Hydrocarbon International Corp.	5,171	-	-	207,346	212,517	-	(65)	(65)	
Dundee Sustainable Technologies Inc.	1,044	-	-	7,646	8,690	-	(6,375)	(6,375)	
Eurogas International Inc.	4	-	-	286	290	-	(794)	(794)	
<i>Agriculture industry</i>									
Blue Goose Capital Corp.	1,005	-	-	90,171	91,176	(54,314)	(5,065)	(59,379)	
AgriMarine Holdings Inc.	3	-	-	18,423	18,426	-	(3,584)	(3,584)	
<i>Real estate industry</i>									
Dundee 360 Real Estate Corporation	3,847	6,358	(1,189)	49,379	58,395	(73)	(33,105)	(33,178)	
	60,361	392,906	33,522	519,180	1,005,969	(110,687)	(231,174)	(341,861)	
Less: Net assets of discontinued operations held for sale	(2,897)	-	-	(105,264)	(108,161)	56,300	58,853	115,153	
<b>Total</b>	<b>\$ 57,464</b>	<b>\$ 392,906</b>	<b>\$ 33,522</b>	<b>\$ 413,916</b>	<b>\$ 897,808</b>	<b>\$ (54,387)</b>	<b>\$ (172,321)</b>	<b>\$ (226,708)</b>	

### Segmented Net Assets as at December 31, 2017

	ASSETS						LIABILITIES		
	Cash	Investments	Deferred Income Taxes	Other Assets	Total	Corporate Debt	Other Liabilities	Total	
<i>Corporate and other portfolio holdings</i>	\$ 40,475	\$ 488,954	\$ 27,397	\$ 20,587	\$ 577,413	\$ -	\$ (116,990)	\$ (116,990)	
<i>Asset management and capital markets</i>									
Goodman & Company, Investment Counsel Inc.	2,710	1,000	-	626	4,336	-	(887)	(887)	
Dundee Securities Ltd.	17,832	-	-	15,590	33,422	-	(4,978)	(4,978)	
<i>Resource industry</i>									
Dundee Energy Limited	32	-	-	25	57	-	(4,242)	(4,242)	
Dundee Energy Limited Partnership	3,736	-	-	108,446	112,182	(57,400)	(58,275)	(115,675)	
United Hydrocarbon International Corp.	9,190	-	-	190,420	199,610	-	(3,721)	(3,721)	
Dundee Sustainable Technologies Inc.	495	-	-	7,507	8,002	-	(5,747)	(5,747)	
Eurogas International Inc.	1	-	-	286	287	-	(661)	(661)	
<i>Agriculture industry</i>									
Blue Goose Capital Corp.	861	-	-	100,057	100,918	(60,015)	(5,098)	(65,113)	
AgriMarine Holdings Inc.	(66)	-	-	19,633	19,567	-	(3,447)	(3,447)	
<i>Real estate industry</i>									
Dundee 360 Real Estate Corporation	3,748	5,976	(1,147)	41,375	49,952	(95)	(23,685)	(23,780)	
	79,014	495,930	26,250	504,552	1,105,746	(117,510)	(227,731)	(345,241)	
Less: Net assets of discontinued operations held for sale	(3,736)	-	-	(108,446)	(112,182)	57,400	58,275	115,675	
<b>Total</b>	<b>\$ 75,278</b>	<b>\$ 495,930</b>	<b>\$ 26,250</b>	<b>\$ 396,106</b>	<b>\$ 993,564</b>	<b>\$ (60,110)</b>	<b>\$ (169,456)</b>	<b>\$ (229,566)</b>	



## 29. SUBSEQUENT EVENT

On July 11, 2018, Blue Goose completed a transaction that resulted in the partial sale of the assets in the fish division, for total consideration of \$2,472,000 and recognized a gain of \$674,000. This gain on the sale will be included in the 2018 third quarter consolidated financial statements as “*Interest, dividends and other revenue*”.

**Head Office**

Dundee Corporation  
1 Adelaide Street East, Suite 2000  
Toronto, Ontario  
M5C 2V9  
Canada

**Registrar and Transfer Agent**

Computershare Investor Services Inc.  
100 University Avenue, 8<sup>th</sup> Floor  
Toronto, Ontario M5J 2Y1  
Toll Free: 1.800.564.6253  
Email: [service@computershare.com](mailto:service@computershare.com)

**Stock Exchange**

Toronto Stock Exchange

**Stock Symbol**

DC.A

[www.dundeecorporation.com](http://www.dundeecorporation.com)