



DUNDEE CORPORATION

CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2006 and 2005

DUNDEE CORPORATION
CONSOLIDATED BALANCE SHEETS

As at September 30, 2006 and December 31, 2005
(expressed in thousands of Canadian dollars) (unaudited)

	September 30, 2006	December 31, 2005
ASSETS		
Cash and cash equivalents	\$ 396,064	\$ 413,320
Cash collateral, structured notes (note 10)	5,000	-
Brokerage securities owned	74,603	24,804
Accounts receivable	189,388	250,261
Client accounts receivable	542,976	365,145
Corporate investments (note 3)	471,168	387,374
Deferred sales commissions	167,072	141,266
Capital and other assets	469,660	336,187
Goodwill and other intangible assets (notes 2 and 4)	459,278	451,283
TOTAL ASSETS	\$ 2,775,209	\$ 2,369,640
LIABILITIES		
Bank indebtedness	\$ 21,025	\$ 33,169
Accounts payable and accrued liabilities	214,710	214,289
Brokerage securities sold short	38,735	6,099
Client deposits and related liabilities	599,073	413,380
Income taxes payable	18,224	27,410
Corporate debt (note 5)	427,928	473,100
Preference shares, series 1 (note 6)	141,902	-
Future income tax liabilities	99,258	89,142
	1,560,855	1,256,589
NON-CONTROLLING INTEREST	429,618	386,012
SHAREHOLDERS' EQUITY (note 7)		
Share capital		
Common shares	289,719	287,002
Contributed surplus	5,011	3,813
Retained earnings	492,473	438,926
Foreign currency translation adjustment	(2,467)	(2,702)
	784,736	727,039
TOTAL LIABILITIES AND SHAREHOLDERS' EQUITY	\$ 2,775,209	\$ 2,369,640

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

DUNDEE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

For the three and nine months ended September 30, 2006 and 2005
(expressed in thousands of Canadian dollars, except per share amounts) (unaudited)

	Three Months		Nine Months	
	2006	2005	2006	2005
REVENUES				
Management and administration fees	\$ 92,391	\$ 76,489	\$ 273,121	\$ 211,983
Redemption fees	2,798	2,729	9,480	8,620
Financial services	81,156	83,526	279,433	245,099
Real estate revenues	37,787	33,209	122,306	108,934
Oil and gas sales, net of royalties	-	(48)	-	-
	214,132	195,905	684,340	574,636
Investment income	13,835	9,788	34,081	13,743
	227,967	205,693	718,421	588,379
EXPENSES				
Selling, general and administrative	76,487	69,297	218,699	191,948
Variable compensation	53,378	54,359	183,524	162,835
Trailer service fees	26,122	20,053	75,897	55,213
Operating costs, real estate	28,713	23,303	88,319	75,842
Operating costs, oil and gas properties	-	656	-	-
	184,700	167,668	566,439	485,838
OPERATING EARNINGS BEFORE INTEREST, TAXES AND OTHER NON-CASH ITEMS				
Amortization of deferred sales commissions	43,267	38,025	151,982	102,541
Depreciation, depletion and amortization	13,970	11,312	39,658	32,156
Interest expense	7,845	3,677	21,033	10,310
	11,762	6,179	26,308	13,928
OPERATING EARNINGS				
Share of earnings of equity accounted investees	9,690	16,857	64,983	46,147
Dilution gains	14,276	5,318	56,701	9,235
Unrealized loss on exchangeable debentures, net of tax (note 5)	2,098	638	3,260	13,727
Income taxes	(15,062)	-	(15,062)	-
Current	(6,669)	(6,507)	(26,616)	(14,537)
Future	116	(6,858)	(7,885)	(13,245)
	(6,553)	(13,365)	(34,501)	(27,782)
Non-controlling interest	(932)	(3,034)	(17,094)	(8,494)
NET EARNINGS FOR THE PERIOD	\$ 3,517	\$ 6,414	\$ 58,287	\$ 32,833
EARNINGS PER SHARE (note 8)				
Basic	\$ 0.14	\$ 0.26	\$ 2.33	\$ 1.30
Diluted	\$ 0.13	\$ 0.24	\$ 2.18	\$ 1.24

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

DUNDEE CORPORATION
CONSOLIDATED STATEMENTS OF CHANGES IN SHAREHOLDERS' EQUITY

*As at and for the nine months ended September 30, 2006 and year ended December 31, 2005
(expressed in thousands of Canadian dollars) (unaudited)*

	Common Shares	Contributed Surplus	Retained Earnings	Foreign Currency Translation Adjustment	Total
Balance, December 31, 2004	\$ 290,220	\$ 2,253	\$ 367,604	\$ (2,067)	\$ 658,010
Net earnings	-	-	76,351	-	76,351
Foreign currency translation adjustment	-	-	-	(635)	(635)
Issuance of Class A subordinate shares for cash	424	-	-	-	424
Issuance of Class A subordinate shares for non-cash consideration	45	-	-	-	45
Stock based compensation	-	1,092	-	-	1,092
Issuance of deferred share units	-	468	-	-	468
Cancellation of options	-	-	(249)	-	(249)
Acquisition of Class A subordinate shares for cancellation	(3,687)	-	(4,662)	-	(8,349)
Costs associated with cancellation of Class A subordinate shares	-	-	(118)	-	(118)
Balance, December 31, 2005	287,002	3,813	438,926	(2,702)	727,039
Net earnings	-	-	58,287	-	58,287
Foreign currency translation adjustment	-	-	-	235	235
Issuance of Class A subordinate shares for cash	129	-	-	-	129
Issuance of Class A subordinate shares for non-cash consideration	151	-	-	-	151
Stock based compensation	-	851	-	-	851
Issuance of deferred share units	-	432	-	-	432
Exercise of options	3,282	-	-	-	3,282
Cancellation of options	-	-	(3,057)	-	(3,057)
Cancellation of deferred share units	-	(85)	-	-	(85)
Acquisition of Class A subordinate shares for cancellation	(845)	-	(1,683)	-	(2,528)
Balance, September 30, 2006	\$ 289,719	\$ 5,011	\$ 492,473	\$ (2,467)	\$ 784,736

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

DUNDEE CORPORATION
CONSOLIDATED STATEMENTS OF CASH FLOWS

*For the three and nine months ended September 30, 2006 and 2005
(expressed in thousands of Canadian dollars) (unaudited)*

	Three Months		Nine Months	
	2006	2005	2006	2005
CASH FLOWS FROM OPERATING ACTIVITIES:				
Net earnings for the period	\$ 3,517	\$ 6,414	\$ 58,287	\$ 32,833
Non-cash items in net earnings:				
Depreciation, depletion and amortization	21,815	14,989	60,691	42,466
Net investment gains	(11,311)	(7,782)	(27,203)	(9,170)
Share of unremitted equity earnings	(14,276)	(5,318)	(56,701)	(9,235)
Dilution gains	(2,098)	(638)	(3,260)	(13,727)
Unrealized loss on exchangeable debentures, net of tax	15,062	-	15,062	-
Future income taxes	2,605	6,858	10,606	13,245
Non-controlling interest	932	3,034	17,094	8,494
Other	3,790	2,805	6,616	6,622
	20,036	20,362	81,192	71,528
Changes in:				
Cash collateral, structured notes	(5,000)	-	(5,000)	-
Accounts receivable	(29,524)	5,759	42,391	22,195
Accounts payable and accrued liabilities	17,140	20,453	5,780	(10,102)
Bank indebtedness	21	199	(12,144)	14,764
Income taxes payable	325	5,396	(10,667)	(2,394)
Brokerage securities owned and sold short, net	(13,074)	(2,358)	(20,261)	(12,404)
Client accounts receivable, net of client deposits and related liabilities	72,165	2,585	7,862	10,351
Development of land, housing and condominium inventory	(20,102)	(19,692)	(38,071)	(23,261)
Other real estate working capital	2,404	10,856	(502)	6,624
CASH PROVIDED FROM OPERATING ACTIVITIES	44,391	43,560	50,580	77,301
CASH FLOWS FROM INVESTING ACTIVITIES:				
Investment in real estate revenue properties	(2,174)	(902)	(9,900)	(49,036)
Investment in other real estate assets	(45,977)	(12,858)	(64,708)	(18,171)
Sales commissions incurred on distribution of mutual funds	(17,809)	(16,998)	(65,464)	(59,605)
Proceeds from dispositions of corporate investments	29,431	22,364	32,053	61,523
Acquisitions of corporate investments	(30,739)	(60,109)	(41,225)	(68,351)
Acquisition of shares in subsidiary	-	(2,100)	-	(2,100)
Acquisition of shares from non-controlling interests	-	-	(1,000)	(1,000)
Cash disbursed in business combinations	(2,109)	-	(5,988)	-
Other	(12,393)	(7,411)	(19,431)	(23,600)
CASH USED IN INVESTING ACTIVITIES	(81,770)	(78,014)	(175,663)	(160,340)
CASH FLOWS FROM FINANCING ACTIVITIES:				
Issuance of preference shares, series 1, net of costs (note 6)	(232)	-	145,382	-
Issuance of exchangeable debentures, net of deferred costs on issue	-	(5,907)	-	89,946
Issuance of shares in subsidiaries to non-controlling shareholders	3,095	2,966	9,562	63,572
Redemption of debentures due September 2007	(150,000)	-	(150,000)	-
Change in real estate debt	65,629	(2,840)	92,070	30,379
Change in corporate debt	102,713	18,332	14,714	18,617
Issuance of Class A subordinate shares, net of issue costs	664	60	3,411	364
Acquisition of Class A subordinate shares, net of costs	(115)	(8,349)	(2,528)	(8,349)
Cancellation of shares in subsidiary	(594)	(1,458)	(784)	(4,407)
Dividends paid by subsidiaries to non-controlling shareholders	(2,458)	(704)	(4,000)	(1,862)
CASH PROVIDED FROM FINANCING ACTIVITIES	18,702	2,100	107,827	188,260
NET (DECREASE) INCREASE IN CASH DURING THE PERIOD	(18,677)	(32,354)	(17,256)	105,221
Cash and cash equivalents, beginning of period	414,741	313,073	413,320	175,498
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 396,064	280,719	\$ 396,064	\$ 280,719
Cash flows from operating activities include the following:				
Interest paid	\$ 26,825	\$ 5,549	\$ 41,371	\$ 13,298
Taxes paid	\$ 6,471	\$ 2,710	\$ 40,209	\$ 21,677

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

DUNDEE CORPORATION

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

As at and for the three and nine months ended September 30, 2006
(tabular dollar amounts in thousands of Canadian dollars, except per share amounts)
(unaudited)

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND BASIS OF PRESENTATION

These interim consolidated financial statements of Dundee Corporation (the “Company” or “Dundee Corporation”) have been prepared in accordance with Canadian generally accepted accounting principles (“GAAP”). These interim consolidated financial statements follow the same accounting principles and methods of application as those disclosed in note 1 to the Company’s audited consolidated financial statements as at and for the year ended December 31, 2005 (“2005 Audited Financial Statements”). The Company’s interim consolidated financial statements do not include all disclosures required by GAAP for annual consolidated financial statements and, accordingly, should be read in conjunction with the 2005 Audited Financial Statements.

The preparation of interim consolidated financial statements in accordance with GAAP requires management to make estimates and assumptions that may affect the reported amounts of assets and liabilities, the disclosure of contingencies at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

2. BUSINESS COMBINATIONS

B.Comm Financial MGA Inc. (“B.Comm”)

On August 31, 2006, a subsidiary of Dundee Wealth Management Inc. (“Dundee Wealth”), the Company’s 61% owned subsidiary, entered into a share purchase agreement to acquire all of the issued and outstanding shares of B.Comm, a company engaged primarily in providing insurance services to insurance brokerages. The Company’s subsidiary paid cash of \$2,166,000 at closing and agreed to pay a further \$2,110,000 in cash to the former shareholders, subject to their meeting certain criteria, including revenue-related criteria, within three (3) years from the date of the transaction. The Company assumed this contingent consideration will be payable and has reflected this in the aggregate purchase price, resulting in an allocation of \$4,095,000, together with tax thereon of \$2,017,000, to customer relationships which have been included with “goodwill and other intangible assets” (note 4) on the Company’s consolidated balance sheet. Customer relationships will be amortized over their estimated life of five (5) years.

Restructuring of Dundee Realty Corporation (“Dundee Realty”)

On June 19, 2006, the Company and the non-controlling shareholder of Dundee Realty restructured their holdings in Dundee Realty, pursuant to which, amongst other things, the Company exchanged certain of its holdings in common shares of Dundee Realty for redeemable preferred shares of Dundee Realty. Concurrently, the non-controlling shareholder exercised options to acquire additional common shares of Dundee Realty at an aggregate exercise price of \$1,680,000. Following these transactions, the Company’s interest in Dundee Realty was diluted from 86.4% to 78.3%. Included in net earnings for the nine months ended September 30, 2006 is a dilution loss of \$6,956,000 in respect of these transactions.

On July 31, 2006, Dundee Realty completed a series of further transactions that resulted in a substantial portion of the Company's interest in Dundee REIT being separated from Dundee Realty and transferred into a new, wholly owned subsidiary of the Company. In addition, as part of the restructuring, the non-controlling shareholder of Dundee Realty was granted an option through the issuance of a class of Dundee Realty shares that will enable it to acquire additional shares of Dundee Realty over a six (6) year period at a cost of approximately \$10,700,000. If exercised, the option purchase will increase the non-controlling shareholder's interest from 22% to 30%. The option purchase will vest in equal annual installments over the six-year period and is subject to the non-controlling shareholder remaining an employee of Dundee Realty.

Harrington Lane Inc. ("Harrington")

On February 28, 2006, Dundee Wealth acquired all the outstanding shares of Harrington, a professional advisory company. Dundee Wealth paid cash of \$2,000,000 on closing. In addition, Dundee Wealth issued 350,000 common shares from its treasury with a stated value of \$3,763,000 to the former principal shareholders of Harrington, who have committed themselves to Dundee Wealth under employment contracts. These common shares are being held in escrow and will be released to the former principal shareholders of Harrington subject to certain conditions of employment, over the next five (5) years. The aggregate purchase price of \$5,763,000 has been deferred and will be charged as a period expense over a five (5) year period.

Central Ontario Financial Group Inc. ("COFG")

Effective January 1, 2006, a subsidiary of Dundee Wealth acquired COFG, an insurance company. The aggregate purchase price of \$2,500,000, together with tax thereon of \$1,414,000, has been allocated to customer relationships and has been included with "goodwill and other intangible assets" (note 4) on the Company's consolidated balance sheet and will be amortized over an estimated life of five (5) years.

3. CORPORATE INVESTMENTS

	Period End Ownership	Listed	Non- Quoted	September 30, 2006		December 31, 2005	
				Loans	Total	Year end Ownership	Total
Equity Accounted Investments							
Breakwater Resources Ltd. (a)	18%	\$ 54,102	\$ -	\$ -	\$ 54,102	18%	\$ 33,502
Dundee Precious Metals Inc.	21%	74,255	-	-	74,255	21%	63,177
Dundee Real Estate Investment Trust (b)	25%	180,974	-	-	180,974	31%	149,305
Other		4,077	3,926	-	8,003		6,703
Marketable Securities		81,472	-	-	81,472		75,945
Other Portfolio Investments		22,974	10,583	38,805	72,362		58,742
		\$ 417,854	\$ 14,509	\$ 38,805	\$ 471,168		\$ 387,374

(a) Book value and period end ownership are reported before considering ownership of 30,801,000 warrants to acquire additional shares of Breakwater Resources Ltd. at \$0.20 per share.

(b) Approximately 93% of the Company's interest in Dundee Real Estate Investment Trust ("Dundee REIT") is held through units of Dundee Properties Limited Partnership ("DPLP") with the remainder in publicly traded REIT units. These limited partnership units are convertible, at the Company's option, into units of Dundee REIT on a one-for-one basis. In order to satisfy the exchange feature of Exchangeable Debentures (note 5), the Company has placed approximately 3,300,000 units of DPLP into escrow.

The estimated fair value of corporate investments as at September 30, 2006, determined using quoted market values for listed securities and carrying values for non-quoted securities and loans, approximates \$736,000,000 (December 31, 2005 – \$567,000,000). Increases in quoted market values result primarily from the Company's investment in Dundee REIT, although investments in the resource sector, including Breakwater Resources Ltd. and Dundee Precious Metals Inc., also contributed significantly to this increase.

Corporate Investments Segregated by Business Segment

	September 30, 2006	December 31, 2005
Real estate	\$ 180,974	\$ 149,305
Resources	171,255	118,825
Other investments	118,939	119,244
	\$ 471,168	\$ 387,374

Investment Income and Income from Corporate Investments

	Three Months		Nine Months	
	2006	2005	2006	2005
<i>For the three and nine months ended September 30,</i>				
Interest, dividends and foreign exchange	\$ 2,524	\$ 1,817	\$ 6,878	\$ 4,572
Realized investment gains, net				
Transactions in corporate investments	11,346	7,971	14,202	9,171
Disposition of interest in a property management company by Dundee Realty	-	-	9,755	-
Other real estate gains (losses)	(35)	-	15	-
Settlement of debt obligations in subsidiary of Dundee Wealth (note 5)	-	-	3,231	-
	13,835	9,788	34,081	13,743
Share of earnings of equity accounted investments				
Share of earnings	12,076	4,439	36,220	7,035
Gains from dilutions of interest	2,200	879	20,481	2,200
	14,276	5,318	56,701	9,235
	\$ 28,111	\$ 15,106	\$ 90,782	\$ 22,978

Disposition of Interest in Dundee Management Limited Partnership

On May 12, 2006, Dundee Realty sold its 50% interest in Dundee Management Limited Partnership (“DMLP”), a property management and real estate advisory services company to Dundee REIT. Previously, Dundee REIT held a 50% interest in DMLP. In consideration, the Company received 450,000 limited partnership units of DPLP, which may be converted, at the Company’s option, to units of Dundee REIT on a one-for-one basis. The purchase agreement includes a price adjustment for up to an additional 100,000 units of DPLP, which may be delivered to Dundee Realty on June 30, 2007 subject to a formula that is based on certain minimum levels of future acquisitions to be completed by DPLP on or before June 30, 2007.

In the second quarter of 2006, the Company recognized proceeds of disposition of \$13,914,000 and recognized a gain of \$9,755,000 in respect of this transaction. Proceeds recognized include the value of the 450,000 DPLP units delivered at closing and an additional 37,970 DPLP units earned pursuant to the price adjustment.

DMLP and Dundee Realty have agreed to extend the term of their agreement pursuant to which DMLP provides administrative and advisory services to Dundee Realty for an additional five (5) years to June 30, 2013.

4. GOODWILL AND OTHER INTANGIBLE ASSETS

	September 30, 2006			December 31, 2005
	Cost	Accumulated	Net Book	Net Book
		Amortization	Value	
Goodwill	\$ 318,336	\$ -	\$ 318,336	\$ 318,332
Investment management contracts	105,015	-	105,015	105,015
Funds under administration	30,573	5,605	24,968	26,497
Customer relationships (note 2)	10,209	689	9,520	-
Bank license	1,439	-	1,439	1,439
	\$ 465,572	\$ 6,294	\$ 459,278	\$ 451,283

5. CORPORATE DEBT

	September 30, 2006	December 31, 2005
Corporate		
\$150 million - 6.70% senior debentures due September 24, 2007	\$ -	\$ 149,920
\$92.8 million - 5.85% exchangeable unsecured subordinated debentures due June 30, 2015	107,836	95,000
\$100 million - revolving term credit facility due August 31, 2007	81,334	83,591
Other	773	773
Subsidiaries		
\$22.3 million - revolving term credit facility, subsidiary of Dundee Wealth due May 30, 2007	21,650	3,300
Mandatorily redeemable preferred shares of Dundee Wealth	-	10,000
Real estate debt, Dundee Realty	212,578	121,168
Income trusts, subsidiary of Dundee Wealth	3,651	8,313
Other	106	1,035
	\$ 427,928	\$ 473,100

Early Redemption of 6.70% Senior Debentures due September 24, 2007 (the “Debentures”)

On August 8, 2006 the Company redeemed its \$150,000,000 Debentures, which were due September 24, 2007. The aggregate cash redemption price was \$157,026,000, including principal, an early redemption premium and accrued and unpaid interest to the date of redemption. The redemption price was funded primarily with the proceeds from the Company’s offering of Series 1 Shares (see note 6).

\$92.8 Million 5.85% Exchangeable Unsecured Subordinated Debentures (“Exchangeable Debentures”)

In accordance with Canadian GAAP, the carrying value of the Company’s Exchangeable Debentures are adjusted in the consolidated financial statements of the Company to reflect the market value of the underlying Dundee REIT units, provided that such adjustment does not result in a carrying value that is below the principal value of the Exchangeable Debentures outstanding. The market value is determined based on the quoted market value of the Dundee REIT units at each period end. Any change in carrying value resulting from such adjustments will be recorded in consolidated net earnings. At the time of any exchange, Dundee Corporation will be considered to have disposed of Dundee REIT units and accordingly, Dundee Corporation will recognize an associated gain or loss.

At September 30, 2006, the market value of the Dundee REIT units underlying the outstanding Exchangeable Debentures was \$107,836,000 and accordingly, the Company recognized an unrealized loss in respect of the Exchangeable Debentures of \$15,062,000.

During the third quarter of 2006, \$7,196,000 of Exchangeable Debentures were surrendered for exchange in accordance with the terms of the Exchangeable Debentures. In settlement, the Company delivered 241,878 Dundee REIT units and recognized an associated gain on disposition of the Dundee REIT units of \$3,347,000.

Corporate Revolving Term Credit Facilities with a Canadian Chartered Bank

In the third quarter of 2006, the Company renewed its \$100,000,000 revolving term credit facility with a Canadian chartered bank, extending the expiry date to August 31, 2007. The terms of the amended credit facility provide for a tiered interest rate structure based on the Company’s public debt rating.

\$22.3 Million Revolving Term Credit Facility Available to Dundee Wealth

Subsequent to September 30, 2006, Dundee Wealth entered into a committed term facility with a Canadian chartered bank for up to \$350,000,000. The commitment, which expires on February 15, 2007, contemplates that Dundee Wealth will grant security over the assets of Goodman & Company, Investment Counsel Ltd., Dundee Wealth’s investment management subsidiary. In the event this loan is completed, the existing revolving term credit facility for \$22,300,000 will be terminated.

Conversion of Redeemable Preference Shares of Dundee Wealth

In the first quarter of 2006, Dundee Wealth exercised its conversion right in respect of its mandatorily redeemable preference shares, and converted \$10,000,000 to common shares of Dundee Wealth issued from its treasury.

Dundee Realty Revolving Term Credit Facility

In the third quarter of 2006, Dundee Realty increased the limit on its revolving term credit facility with a Canadian chartered bank from \$50,000,000 to \$100,000,000.

Settlement of Debt Obligations to Multi-Fund Income Trust (“Multi-Fund”)

On June 13, 2006, a subsidiary of the Company paid \$1,003,000 in full settlement of amounts owing to Multi-Fund Income Trust. Included in investment income in the second quarter of 2006 is a gain of \$3,231,000 recognized in respect of this settlement.

6. FIRST PREFERENCE SHARES, SERIES 1

On June 22, 2006, the Company issued 6,000,000 5.00% cumulative redeemable first preference shares, series 1 (“Series 1 Shares”) at a price of \$25 per Series 1 Share. The Series 1 Shares rank in priority to the Class A subordinate voting shares (“Subordinate Shares”) and the class B common shares of the Company as to the payment of dividends and the distribution of assets on dissolution, liquidation or winding-up of the Company. The Series 1 Shares entitle the holder to a fixed preferential cumulative dividend at the rate of 5% per annum, payable quarterly. The Series 1 Shares are generally non-voting, except in limited circumstances.

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

The Company may convert the Series 1 Shares to Subordinate Shares of the Company (the “Conversion Option”) at any time after June 30, 2006, subject to regulatory approval. The Series 1 Shares will be converted on the basis of one Series 1 Share for that number of Subordinate Shares that is equal to the redemption price at the time of the conversion determined in accordance with the Redemption Price Schedule divided by the current market price of the Subordinate Shares, determined in accordance with a formula.

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

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

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

7. SHARE CAPITAL

	SUBORDINATE SHARES		CLASS B SHARES		TOTAL	
	Number	Amount	Number	Amount	Number	Amount
Outstanding December 31, 2005	23,907,971	\$ 278,770	1,048,416	\$ 8,232	24,956,387	\$ 287,002
Transactions during the nine months ended September 30, 2006						
Redeemed pursuant to issuer bids	(71,412)	(845)	-	-	(71,412)	(845)
Issuance of shares under the share incentive plan	9,077	280	-	-	9,077	280
Options exercised	204,146	3,282	-	-	204,146	3,282
Conversion from Class B Shares to Subordinate Shares	7,975	61	(7,975)	(61)	-	-
Outstanding September 30, 2006	24,057,757	\$ 281,548	1,040,441	\$ 8,171	25,098,198	\$ 289,719

Substantial Issuer Bid

On December 12, 2005, the Company announced a substantial issuer bid to purchase up to 2,500,000 Subordinate Shares for cash, subject to certain conditions (“the Offer”). The Offer expired on February 6, 2006. An aggregate of 71,412 Subordinate Shares with a stated value of \$845,000 were redeemed and subsequently cancelled. The Company paid \$29.50 per share or an aggregate of \$2,107,000 to retire the shares. The excess of the cancellation price of \$1,262,000 over the value of stated capital has been recorded as a reduction to retained earnings. In the first nine months of 2006, transaction costs of \$421,000 were incurred in respect of the Offer and were recorded as a further reduction to retained earnings.

Share Option Plan

In the first nine months of 2006, the Company issued 204,146 Subordinate Shares on the exercise of options at an average price of \$16.08 per share, including 95,490 options that were exercised immediately prior to their ten-year expiry date. In addition, the Company cancelled 283,306 options for cash of \$4,860,000 the majority of which had been issued to former senior executives. On September 30, 2006, there were 1,404,548 options outstanding at an average exercise price of \$20.59.

Deferred Share Unit Plan

During the first nine months of 2006, the Company granted 12,484 deferred share units (DSU’s) under the terms of its deferred share unit plan, increasing contributed surplus by \$432,000. In addition, the Company issued 3,793 Subordinate Shares to settle obligations on an equivalent number of DSU’s previously issued. At September 30, 2006, there were 106,014 DSU’s outstanding. Subsequent to September 30, 2006, the Company granted 2,603 further DSU awards to settle directors’ remuneration.

8. EARNINGS PER SHARE

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

	Three Months		Nine Months	
	2006	2005	2006	2005
<i>For the three and nine months ended September 30,</i>				
Net earnings available to Subordinate Share holders and Class B Share holders	\$ 3,517	\$ 6,414	\$ 58,287	\$ 32,833
Weighted average number of shares outstanding	25,084,138	25,008,194	25,048,108	25,170,220
Basic earnings per share	\$ 0.14	\$ 0.26	\$ 2.33	\$ 1.30
Effect of dilutive securities to available net earnings	\$ (63)	\$ (237)	\$ (1,722)	\$ (648)
Effect of dilutive securities to weighted average number of shares outstanding	836,883	690,121	888,965	687,026
Diluted earnings per share	\$ 0.13	\$ 0.24	\$ 2.18	\$ 1.24

9. STOCK BASED COMPENSATION

Details of the Company's share incentive plan components are disclosed in note 11 to the 2005 Audited Financial Statements. The following table details the recognition of stock based compensation expense and the issuance of shares under the Company's share incentive plan during the three and nine months ended September 30, 2006 and 2005.

	Nine months ended September 30, 2006					Nine months ended September 30, 2005				
	Number of Shares	Employee Contributions	Compensation expense			Number of Shares	Employee Contributions	Compensation expense		
			Treasury Shares	Market Purchases	Aggregate			Treasury Shares	Market Purchases	Aggregate
Dundee Corporation										
Share purchase plan	5,284	\$ 129	\$ 66	\$ 63	\$ 129	7,310	\$ 170	\$ 33	\$ 137	\$ 170
Share option plan	204,146	3,282	-	-	-	15,000	194	-	-	-
Stock option expense over vesting period	-	-	-	-	762	-	-	-	-	701
Deferred share unit plan	3,793	-	-	-	568	-	-	-	-	325
Stock based compensation in subsidiaries before adjusting for non-controlling interest										
Dundee Wealth					10,669					7,825
Eurogas Corporation					564					600
Dundee Realty Corporation					197					63
Share of stock based compensation in equity accounted investees					1,034					914
			\$ 66	\$ 63	\$ 13,923		\$ 33	\$ 137	\$ 10,598	
	Three months ended September 30, 2006					Three months ended September 30, 2005				
	Number of Shares	Employee Contributions	Compensation expense			Number of Shares	Employee Contributions	Compensation expense		
			Treasury Shares	Market Purchases	Aggregate			Treasury Shares	Market Purchases	Aggregate
Dundee Corporation										
Share purchase plan	1,489	\$ 45	\$ 23	\$ 22	\$ 45	2,482	\$ 60	\$ 11	\$ 49	\$ 60
Share option plan	35,500	619	-	-	-	-	-	-	-	-
Stock option expense over vesting period	-	-	-	-	310	-	-	-	-	240
Deferred share unit plan	-	-	-	-	307	-	-	-	-	185
Stock based compensation in subsidiaries before adjusting for non-controlling interest										
Dundee Wealth					3,652					2,941
Eurogas Corporation					-					63
Dundee Realty Corporation					89					16
Share of stock based compensation in equity accounted investees					172					265
			\$ 23	\$ 22	\$ 4,575		\$ 11	\$ 49	\$ 3,770	

10. CONTINGENCIES AND COMMITMENTS

Other than as discussed below, there have been no other substantive changes to the description and nature of contingencies and commitments from those described in note 12 to the 2005 Audited Financial Statements.

Skeena Capital Trust ("Skeena")

Skeena is the special purpose vehicle through which Dundee Wealth's structured notes have been issued. It has been established for the purpose of purchasing or otherwise acquiring certain eligible assets and financing such activities, wholly or partially, with borrowed funds including through the issuance of certain notes to the public by way of an offering memorandum. A subsidiary of Dundee Wealth has deposited \$5,000,000 to a segregated reserve account that will be available to cover, in certain circumstances, unanticipated operational expenses, increased funding costs or other administrative costs and expenses associated with the issuance of the notes. The subsidiary has committed to increase such funding once conduit outstandings exceed \$2,000,000,000 at a rate of ten basis points per \$100,000,000 of additional notes issued, subject to a maximum of \$10,000,000. The \$5,000,000 deposit has been included as "cash collateral, structured notes" on the Company's consolidated balance sheets.

Contingent Liabilities

A subsidiary of Dundee Wealth is named in claims for approximately \$9,700,000 initiated by certain former clients of a former financial advisor of a predecessor mutual fund dealer relating to activities which took place in 1996 and 1997. The Company and its subsidiaries are also defendants in various other legal actions. The Company intends to vigorously defend itself against these claims. Although the 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 of the Company, based on information currently available, that these are not material liabilities, adequate financial provisions have been made for any liabilities and the resolution of these matters will not have a material adverse effect on the financial position of the Company. In the third quarter of 2006, Dundee Wealth accrued \$4,000,000 related to a class action claim that was settled subsequent to September 30, 2006, subject to court approval, for \$7,000,000. This claim was inherited by Dundee Wealth on the acquisition of a predecessor corporation in December 2003 at which time \$3,000,000 was accrued.

Investment in Iberian Minerals Corp.

In the third quarter of 2006, the Company's wholly owned subsidiary, Dundee Resources Limited, invested \$25,000,000 in a 5-year 6% convertible subordinated secured debenture issued by Iberian Minerals Corp., a company involved in the evaluation, development and mining of base metal deposits in Spain. Subsequent to September 30, 2006 Dundee Resources Limited purchased 2,846,154 Iberian Minerals Corp. special warrants for a total additional investment of \$3,700,000.

11. SEGMENTED INFORMATION

Segmented Earnings for the three and nine months ended September 30, 2006 and 2005

	Wealth				Other Investments and							
	Management		Real Estate		Resources		Corporate Costs		Intersegment		TOTAL	
<i>For the nine months ended September 30,</i>	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
SEGMENTED OPERATIONS												
Revenues	\$ 570,943	\$ 467,951	\$ 135,423	\$ 108,934	\$ 2,747	\$ (431)	\$ 15,247	\$ 15,291	\$ (5,939)	\$ (3,366)	\$ 718,421	\$ 588,379
Expenses	523,980	438,716	106,314	87,381	2,750	1,828	28,787	20,127	(8,393)	(5,820)	653,438	542,232
OPERATING EARNINGS (LOSS)	46,963	29,235	29,109	21,553	(3)	(2,259)	(13,540)	(4,836)	2,454	2,454	64,983	46,147
Equity earnings	-	-	24,734	5,203	31,409	3,520	558	512	-	-	56,701	9,235
EARNINGS (LOSS) BEFORE												
UNDERNOTED ITEMS	46,963	29,235	53,843	26,756	31,406	1,261	(12,982)	(4,324)	2,454	2,454	121,684	55,382
Unrealizd loss on Exchangeable Debentures	-	-	-	-	-	-	(15,062)	-	-	-	(15,062)	-
Non-controlling interest	(15,139)	(7,577)	(2,780)	(1,524)	825	607	-	-	-	-	(17,094)	(8,494)
NET EARNINGS (LOSS) BEFORE												
NON-SEGMENTED ITEMS	31,824	21,658	51,063	25,232	32,231	1,868	(28,044)	(4,324)	2,454	2,454	89,528	46,888
Dilution gains											3,260	13,727
Income tax provision											(34,501)	(27,782)
NET EARNINGS (LOSS)	\$ 31,824	\$ 21,658	\$ 51,063	\$ 25,232	\$ 32,231	\$ 1,868	\$ (28,044)	\$ (4,324)	\$ 2,454	\$ 2,454	\$ 58,287	\$ 32,833

	Wealth				Other Investments and							
	Management		Real Estate		Resources		Corporate Costs		Intersegment		TOTAL	
<i>For the three months ended September 30,</i>	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
SEGMENTED OPERATIONS												
Revenues	\$ 178,793	\$ 163,527	\$ 41,099	\$ 33,209	\$ 2,460	\$ (248)	\$ 8,509	\$ 10,604	\$ (2,894)	\$ (1,399)	\$ 227,967	\$ 205,693
Expenses	175,529	154,539	34,523	27,813	1,211	938	10,726	7,763	(3,712)	(2,217)	218,277	188,836
OPERATING EARNINGS (LOSS)	3,264	8,988	6,576	5,396	1,249	(1,186)	(2,217)	2,841	818	818	9,690	16,857
Equity earnings	-	-	3,686	1,736	10,375	3,461	215	121	-	-	14,276	5,318
EARNINGS (LOSS) BEFORE												
UNDERNOTED ITEMS	3,264	8,988	10,262	7,132	11,624	2,275	(2,002)	2,962	818	818	23,966	22,175
Unrealizd loss on Exchangeable Debentures	-	-	-	-	-	-	(15,062)	-	-	-	(15,062)	-
Non-controlling interest	(783)	(2,818)	(315)	(443)	166	227	-	-	-	-	(932)	(3,034)
NET EARNINGS (LOSS) BEFORE												
NON-SEGMENTED ITEMS	2,481	6,170	9,947	6,689	11,790	2,502	(17,064)	2,962	818	818	7,972	19,141
Dilution gains											2,098	638
Income tax provision											(6,553)	(13,365)
NET EARNINGS (LOSS)	\$ 2,481	\$ 6,170	\$ 9,947	\$ 6,689	\$ 11,790	\$ 2,502	\$ (17,064)	\$ 2,962	\$ 818	\$ 818	\$ 3,517	\$ 6,414

Segmented Assets as at September 30, 2006 and December 31, 2005

	Wealth				Other Investments and							
	Management		Real Estate		Resources		Corporate Costs		Intersegment		TOTAL	
	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005	2006	2005
Goodwill	\$ 309,301	\$ 309,297	\$ -	\$ -	\$ -	\$ -	\$ 9,035	\$ 9,035	\$ -	\$ -	\$ 318,336	\$ 318,332
Other assets	1,367,076	1,126,757	664,013	533,360	254,726	203,270	171,058	187,921	-	-	2,456,873	2,051,308
TOTAL ASSETS	\$ 1,676,377	\$ 1,436,054	\$ 664,013	\$ 533,360	\$ 254,726	\$ 203,270	\$ 180,093	\$ 196,956	\$ -	\$ -	\$ 2,775,209	\$ 2,369,640

12. SUBSEQUENT EVENTS

Dundee Wealth Proposed Internal Merger

On November 1, 2006, the Board of Directors of Dundee Wealth approved, in principle, an amalgamation between Dundee Wealth and its 83.7%-owned subsidiary, DWM Inc. (“DWM”) effective January 1, 2007. The transaction is subject to receipt of all necessary shareholder and regulatory approvals. A shareholders’ meeting of Dundee Wealth to approve the amalgamation has been called for December 29, 2006. Pursuant to the amalgamation, the non-controlling shareholder of DWM will receive common shares of Dundee Wealth determined in accordance with a formula that would give it the equivalent percentage ownership in Dundee Wealth that it currently holds in DWM, being 16.3%, subject to the put option described below.

On October 2, 2002, Dundee Wealth entered into a shareholders’ agreement with Caisse de dépôt et placement du Québec (“Caisse”), the non-controlling shareholder of DWM, in respect of DWM. The shareholders’ agreement details the circumstances pursuant to which Caisse may sell its shares to DWM. From October 2005 to September 2009, Caisse may only sell its shares in DWM to either the Company, Dundee Wealth, or to DWM. If Caisse exercises its right, it is entitled to receive fair market value for its shares in DWM, determined in accordance with the terms of the shareholders’ agreement. Following the proposed amalgamation of Dundee Wealth and DWM, Caisse will maintain only its right to retain its ownership interest through rights of pre-emption, in addition to prospectus rights and board seats. All other rights, including the put right will terminate, although Caisse will have 20 business days following the amalgamation to notify Dundee Wealth of its intention to exercise its put. In the event that the DWM shares are acquired by the Company, the purchase will be accounted for as a step acquisition of its interest in DWM and the purchase price, after elimination of the non-controlling interest, will be allocated to net assets acquired based on their estimated fair value. As an alternative to purchasing the shares of DWM, the Company may, in certain circumstances, elect to institute a sale process for DWM.

Dundee Wealth has sufficient resources to meet this potential obligation. Subsequent to the quarter end, Dundee Wealth obtained a committed term sheet from a major Canadian bank for a secured credit facility in the amount of \$350,000,000 to be utilized for general corporate purposes.

Change of Control Provisions

As a direct result of Dundee Wealth’s concern related to the potential actions of the non-controlling shareholder relative to its put decision referred to above, the Board of Directors of Dundee Wealth has approved, in principle, and has instructed its compensation committee to develop, the establishment of industry standard change of control provisions for senior officers and portfolio managers of Dundee Wealth.

Transfer of Dundee Wealth BHC

During the third quarter of 2006, the Office of the Superintendent of Financial Institutions approved the transfer of the Company’s 100% interest in Dundee Wealth BHC to Dundee Wealth. Subsequent to September 30, 2006, the Company completed the transfer of its direct interest in Dundee Wealth BHC to DWM for aggregate consideration of \$26,287,000. Since June 30, 2006, DWM has provided approximately \$100,000,000 of additional funding to Dundee Wealth BHC to support capital requirements in its subsidiaries. Dundee Wealth BHC holds a 100% interest in Dundee Bank of Canada, a Canadian federally chartered Schedule I Bank, and a 100% interest in The Dundee Bank, a bank licensed with the Cayman Islands Monetary Authority.

Conversion of the Investment Management Division to an Income Trust

On October 10, 2006, the Board of Directors of Dundee Wealth approved, in principle, a conversion of Dundee Wealth's investment management division into an income trust and offer the sale of 15% of the trust by way of an Initial Public Offering. On November 1, 2006, Dundee Wealth announced that it is re-evaluating its plans in respect of this conversion in light of recent announcements by the Minister of Finance in respect of taxing distributions from income trusts and in any event, such income trust reorganization would not have been formalized until after the amalgamation of Dundee Wealth and DWM is finalized and Dundee Wealth has been advised by its non-controlling shareholder of DWM of its intentions with regard to its put option.