

## FORM 5

### QUARTERLY LISTING STATEMENT

Name of Listed Issuer: Dundee Sustainable Technologies Inc. (the "Issuer").

Trading Symbol: DST

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This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

#### **General Instructions**

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

#### **SCHEDULE A: FINANCIAL STATEMENTS**

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

## **SCHEDULE B: SUPPLEMENTARY INFORMATION**

The supplementary information set out below must be provided when not included in Schedule A.

### **1. Related party transactions- See Note 8 of the *Financial Statements*.**

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

### **2. Summary of securities issued and options granted during the period.**

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

- (a) summary of securities issued during the period,

**No securities were issued during the period.**

- (b) Summary of options granted during the period,

**No options were granted during the period.**

### 3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,  
**Authorized - An unlimited number of subordinate voting shares**  
**An unlimited number of multi-voting shares**
- (b) number and recorded value for shares issued and outstanding,  
**15,747,121 subordinate voting shares - \$51,093,798**  
**2,500,000 multi-voting shares - \$3,963,875**
- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

**Warrants: Price: Expiry date:**  
**714,285 \$1.20 per common share November 23, 2022**

**As at March 31, 2020, outstanding options are as follows:**

<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Expiry date</b>
	\$	
10,000	4.00	November 18, 2020
30,000	1.00	November 18, 2020
25,000	2.00	November 18, 2020
30,000	1.00	November 7, 2020
37,500	2.00	November 7, 2020
427,500	1.00	February 3, 2022
71,250	4.00	November 27, 2022
270,000	2.00	April 18, 2023
25,000	2.00	April 26, 2023
25,000	2.00	June 18, 2023
<b>951,250</b>		

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer. **N/A**

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

**Hubert Marleau, Chairman & Director**

**Brian Howlett, Director**

**Mario Jacob, Director**

**Robert Sellars, Director**

**David Lemieux, President & CEO**

**Arved Marin, Chief Financial Officer**

**Jean-Philippe Mai, Vice President, Business Development**

**Patricia Osorio, Corporate Secretary**

#### **SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS**

Provide Interim MD&A if required by applicable securities legislation.

**The MD&A is attached hereto.**

## Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated May 12, 2020

Patricia Osorio  
Name of Director or Senior Officer

(s) Patricia Osorio  
Signature

Corporate Secretary  
Official Capacity

<b>Issuer Details</b>		For Quarter Ended	Date of Report YY/MM/D
Name of Issuer		March 31, 2020	20/05/12
Dundee Sustainable Technologies Inc.			
Issuer Address			
2000 Peel Street, Suite 860			
City/Province/Postal Code		Issuer Fax No.	Issuer Telephone No.
Montreal, Quebec H3A 2W5		(514) 866-6193	(514) 866-6001 ext 244
Contact Name		Contact Position	Contact Telephone No.
Patricia Osorio		Corporate Secretary	(514) 466-2091
Contact Email Address		Web Site Address	
<a href="mailto:posorio@dundeetechnologies.com">posorio@dundeetechnologies.com</a>		<a href="http://www.dundeetechnologies.com">www.dundeetechnologies.com</a>	

# **Dundee Sustainable Technologies Inc.**

## **Condensed Interim Consolidated Financial Statements (Unaudited)**

As at and for the three months ended March 31, 2020  
(Expressed in Canadian dollars)

The attached financial statements have been prepared by management of Dundee Sustainable Technologies and have not been reviewed by an external auditor.

2000 Peel Street, Suite 860, Montréal, QC, H3A 2W5  
Tel.: 514.866.6001 / [www.dundeetechnologies.com](http://www.dundeetechnologies.com)

# Dundee Sustainable Technologies Inc.

## Consolidated Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	Note	As at March 31, 2020 \$	As at December 31, 2019 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,667,839	116,261
Accounts receivable	4	291,645	367,350
Sales tax receivable		-	37,153
Other assets		90,628	73,395
Prepaid expenses		68,354	45,212
		<b>2,118,466</b>	<b>639,371</b>
<b>Non-current assets</b>			
Investment in a related company		59,250	59,250
Property, plant and equipment	5	1,251,214	1,340,398
Intangible assets	6	3,921,741	4,037,086
		<b>5,232,205</b>	<b>5,436,734</b>
<b>Total assets</b>		<b>7,350,671</b>	<b>6,076,105</b>
<b>Liabilities and Deficiency</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		1,254,404	1,391,127
Sales tax payable		28,836	-
Contract liabilities	7	1,425,925	222,135
Current portion of lease liability	5	108,505	99,156
Promissory notes from a related party	8	7,117,398	5,731,100
Short-term loans from a related party	8	14,076,561	13,814,573
Short-term portion of long-term debt	9	56,714	47,262
Convertible debenture	9	5,278,084	5,156,632
		<b>29,346,427</b>	<b>26,461,985</b>
<b>Non-current liabilities</b>			
Lease liability	5	1,232,920	1,310,744
Long-term debt	9	202,305	213,579
<b>Total liabilities</b>		<b>30,781,652</b>	<b>27,986,308</b>
<b>Deficiency</b>			
Share capital	10	55,057,673	55,057,673
Contributed surplus		8,068,668	8,068,668
Deficit		(86,557,322)	(85,036,544)
<b>Total deficiency</b>		<b>(23,430,981)</b>	<b>(21,910,203)</b>
<b>Total liabilities and deficiency</b>		<b>7,350,671</b>	<b>6,076,105</b>
<b>Going concern</b>	1		
<b>Subsequent events</b>	15		

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



## Dundee Sustainable Technologies Inc.

### Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars, except number of shares)

	Note	2020	2019
		\$	\$
Sale of services		477,645	172,836
<b>Expenses</b>			
Operating expenses related to services		466,295	145,544
Research and development	13	391,558	549,121
Professional and consulting fees		111,350	77,146
Administrative		87,778	120,849
Wages and compensation		230,181	184,766
Shareholder communication		28,083	22,663
Depreciation of property, plant and equipment		12,331	-
Amortization of intangible assets		115,345	115,345
Total expenses		1,442,921	1,215,434
<b>Operating loss</b>		<b>(965,276)</b>	<b>(1,042,598)</b>
Other income		800	-
Finance cost	8,9	(667,130)	(580,280)
Gain on foreign currency exchange		110,828	2,750
<b>Net loss and comprehensive loss</b>		<b>(1,520,778)</b>	<b>(1,620,128)</b>
<b>Basic and diluted net loss per share</b>	10	<b>(0.08)</b>	<b>(0.09)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>		<b>18,247,121</b>	<b>18,247,121</b>

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

## Dundee Sustainable Technologies Inc.

### Consolidated Statements of Changes in Deficiency

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars, except number of shares)

		Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Note	Number	\$	Number	\$	\$	\$	\$
<b>Balance – December 31, 2019</b>	10	2,500,000	3,963,875	15,747,121	51,093,798	8,068,668	(85,036,544)	(21,910,203)
Net and comprehensive loss for the period		-	-	-	-	-	(1,520,778)	(1,520,778)
<b>Balance – March 31, 2020</b>		2,500,000	3,963,875	15,747,121	51,093,798	8,068,668	(86,557,322)	(23,430,981)

		Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Note	Number	\$	Number	\$	\$	\$	\$
<b>Balance – December 31, 2018</b>	10	2,500,000	3,963,875	15,747,121	51,093,798	8,068,668	(79,483,310)	(16,356,969)
Net and comprehensive loss for the period		-	-	-	-	-	(1,620,128)	(1,620,128)
<b>Balance – March 31, 2019</b>		2,500,000	3,963,875	15,747,121	51,093,798	8,068,668	(81,103,438)	(17,977,097)

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

# Dundee Sustainable Technologies Inc.

## Consolidated Statements of Cash Flows

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

	Note	2020	2019
		\$	\$
<b>Operating activities</b>			
Net loss for the year		(1,520,778)	(1,620,128)
Adjusted for:			
Depreciation of property, plant and equipment	5	12,331	-
Depreciation of property, plant and equipment included in research and development	5	137,936	34,272
Amortization of intangible assets	6	115,345	115,345
Amortization of long-term debt discount	9	7,630	6,799
Amortization of convertible debenture discount	9	18,514	42,954
Finance cost accrued	8, 9	606,223	490,565
		(722,799)	(931,093)
Changes in non-cash operating working capital items:			
Accounts receivable		75,505	685,803
Sales tax receivable		65,989	(77,831)
Other assets		(17,233)	3,277
Prepaid expenses		(23,142)	(8,763)
Accounts payable and accrued liabilities		(136,723)	(192,016)
Contract liabilities		1,203,790	(42,493)
		1,168,386	367,977
<b>Net cash generated (used) in operating activities</b>		<b>445,587</b>	<b>(563,116)</b>
<b>Financing activities</b>			
Principal elements of lease payments	5	(29,557)	(14,882)
Long-term loan payments	9	(9,452)	-
Promissory note from a related party	8	1,145,000	764,000
<b>Net cash provided by financing activities</b>		<b>1,105,991</b>	<b>749,118</b>
Net change in cash and cash equivalents during the year		1,551,578	186,002
Cash and cash equivalents – beginning of year		116,261	116,185
<b>Cash and cash equivalents – end of year</b>		<b>1,667,839</b>	<b>302,187</b>

Supplemental information

14

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

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

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### 1. NATURE OF OPERATIONS AND GOING CONCERN

Dundee Sustainable Technologies Inc. (“DST” or the “Corporation”) was incorporated under the Canada Business Corporations Act on July 22, 1997. The Corporation’s head office is located at 2000 Peel Street, Suite 860, Montréal, Quebec, Canada, H3A 2W5.

The Corporation is commercializing two primary metallurgical processes for the treatment of complex and refractory material from mining operations. DST’s processes are applied for the extraction of precious metals and for the removal and stabilization of contaminants, such as arsenic, antimony, and cadmium from ores and concentrates. The Corporation provides environmentally friendly, viable and efficient processes capable of handling ores which may not be processed with conventional approaches due to metallurgical issues or environmental considerations. The precious metal recovery process now called the CLEVR Process™ uses sodium hypochlorite with a catalytic amount of sodium hypobromite in acidic conditions to put the gold into solution. The efficiency of the process, coupled with its closed-loop operating conditions, plant size and construction material allow for competitive operating and capital costs. When dealing with arsenic-bearing ores often associated with copper, gold, silver or polymetallic deposits, the Corporation has developed new processes to remove and incorporate arsenic into a highly stable glass matrix. The Corporation refers to this technology as the GlassLock Process™. The costs of sequestering the arsenic using DST’s GlassLock Process™ are lower than those of conventional approaches, such as the formation of scorodite, and produces a stable, insoluble glass residue meeting environmental requirements.

While these technologies are currently being commercialized, they are subject to all the risks inherent in their ongoing development and adoption. They may require significant additional development, testing and investment prior to any final acceptance by the market. There can be no assurance that such technologies will be successfully developed, or that output from any use of the Corporation’s technologies could be produced at a commercial level at a reasonable cost or be successfully marketed. To date, the Corporation has not earned significant revenues from its patented technologies. However, since the Corporation is in advanced discussions with several gold companies about including the CLEVR Process™ as part of new projects, the intangible assets have been amortized since October 1, 2018. At March 31, 2020, Dundee Corporation (“Dundee”) was the principal and majority shareholder of the Corporation.

For the three months ended March 31, 2020, the Corporation incurred a loss of \$1,520,778 (\$1,620,128 for the three months ended March 31, 2019) and has negative working capital of \$27,227,961 (2019 – \$25,822,614). Deficit as at March 31, 2020 amounted to \$86,577,322 (2019 – \$85,036,544) and cash flows generated in operating activities for the three months ended March 31, 2020 amounted to \$445,587 (\$563,116 used in operating activities for the three months ended March 31, 2019).

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through to March 31, 2021. The Corporation will therefore periodically have to raise additional funds to continue operations. The Corporation is pursuing financing alternatives to fund its operations and to continue its activities as a going concern. The Corporation obtained an extension on the maturity date of its convertible debt from May to July 2020 (Note 15). Although there is no assurance that the Corporation will be successful in these actions, management believes that the Corporation will be able to secure the necessary financing through the issuance of debt or new equity in public or privately negotiated equity offerings. While it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

The first quarter of 2020 was marked by the severity of the Coronavirus global outbreak. The extent and duration of impacts that the Coronavirus may have on the Corporation’s operations including suppliers, service providers, employees and on global financial markets is not known at this time but could be material. The Thetford site was temporarily closed as a result of the measures taken by the Quebec provincial government on March 23, 2020. The Corporation is monitoring developments and has taken appropriate actions in order to mitigate the risk, including safety procedures and contingency plans to restore operations at its plant in Thetford Mines. Partial operations have resumed in May with employees and contractors following the control and practices that have been established on site.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

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Although these condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, the above-noted facts and circumstances cast significant doubt on the Corporation’s ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

On May 11, 2020, these consolidated financial statements were approved by the Board of Directors

## 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are described below.

### Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with 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”. These condensed 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, 2019 which were prepared in accordance with IFRS as applicable for annual financial statements.

The condensed interim consolidated financial statements follow the same accounting principles and methods of application as those disclosed in Note 2 to the audited consolidated financial statements as at and for the year ended December 31, 2019.

## 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim consolidated financial statements for the three months ended March 31, 2020, 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 Corporation’s reported amounts of assets, liabilities, and items in net earnings or loss, and the related disclosure of contingent assets and liabilities, if any. The Corporation evaluates its estimates on an ongoing basis.

Such estimates are based on various 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 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. There have been no significant changes in accounting judgments, estimates and assumptions made by the Corporation in the preparation of these condensed interim consolidated financial statements from those judgments, estimates and assumptions disclosed in note 3 to the audited consolidated financial statements as at and for the year ended December 31, 2019.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

### 4. ACCOUNTS RECEIVABLE

The accounts receivable include the technical services, unbilled services and other receivables. Technical services receivable are generated from customers to evaluate processing alternatives using the Corporation's processing facility. Other receivables are the reimbursements of project expenses generated under the collaboration agreement with a related party.

	As at March 31, 2020	As at December 31, 2019
	\$	\$
Technical services	270,291	229,892
Unbilled revenues	21,354	137,458
	<b>291,645</b>	<b>367,350</b>

As at March 31, 2020, accounts receivable from related parties amount to \$153,764 (2019 – \$161,152).

### 5. PROPERTY, PLANT AND EQUIPMENT

	Vehicles and equipment	Right of use asset	Total
	\$	\$	\$
<b>Gross carrying amount</b>			
Balance – January 1, 2020	47,000	1,481,163	1,528,163
Deductions	-	(38,917)	(38,917)
Balance – March 31, 2020	47,000	1,442,246	1,489,246
<b>Accumulated depreciation</b>			
Balance – January 1, 2020	47,000	140,765	187,765
Depreciation	-	50,267	50,267
Balance – March 31, 2020	47,000	191,032	238,032
<b>Net carrying amount – March 31, 2020</b>	<b>-</b>	<b>1,251,214</b>	<b>1,251,214</b>
<b>Net carrying amount – December 31, 2019</b>	<b>-</b>	<b>1,340,398</b>	<b>1,340,398</b>

#### Leases

The Corporation recognized a Right of Use ("ROU") asset and its related lease liability in connection with the head office lease and the demonstration plant facilities. The ROU asset is depreciated on a straight-line basis over the term of the lease, which is expected to mature in July 2028 and September 2023, respectively. As is common for such leases, the Corporation pays to the landlord its share of common costs that are expensed as incurred.

	Three months ended	
Lease liability	2020	March 31 2019
		\$
Balance – beginning of period	1,409,900	1,370,917
Deductions	(43,871)	-
Principal portion of lease payments	(24,604)	(14,883)
<b>Balance – End of period</b>	<b>1,341,425</b>	<b>1,356,034</b>
Current lease liability	108,505	66,626

## Dundee Sustainable Technologies Inc.

### Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

Non-current lease liability	1,232,920	1,289,408
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The consolidated statement of loss and comprehensive loss shows the following amounts relating to leases for the three months ended March 31, 2020:

		\$
Depreciation of ROU asset	12,331	-
Depreciation of ROU asset included in research and development	37,936	34,273
Interest expense included in finance cost	34,762	39,955

## 6. INTANGIBLE ASSETS

Intangible assets	Three months ended	
	March 31,	
Gross carrying amount	2020	2019
Balance – January 1 and March 31:	\$	\$
Intellectual properties – Oxide	605,000	605,000
Patent application fees – Oxide	129,474	129,474
Development cost – Oxide	5,809,233	5,809,233
Less: SR&ED tax credit	(1,929,894)	(1,929,894)
	4,613,813	4,613,813
<b>Accumulated amortization</b>		
Balance – January 1	576,727	115,345
Amortization	115,345	115,345
Balance – March 31	692,072	230,690
<b>Net carrying amount – March 31</b>	<b>3,921,741</b>	<b>4,383,123</b>

## 7. GOVERNMENT AND OTHER ASSISTANCE

In September 2017, the Corporation entered into a collaboration agreement with a related party (an entity under common control) for the construction and operation of an onsite demonstration plant using the Corporation's proprietary arsenic stabilization technology (the "GlassLock™ demo plant"). The construction of the GlassLock™ demo plant was funded by this related party with capital cost of US\$3.1 million and was erected at the related party's metal processing facility. As at December 31, 2019, the GlassLock™ demo plant completed its mandate. In March 2020, as part of the agreement and after the completion of the mandate, the customer exercised the option for a moratorium on the promotion of the technology for other copper smelter for a period of one year, in return for a payment of US\$1,000,000.

In January 2018, the Corporation was awarded funding by the Government of Canada through the Sustainable Development Technology Canada Foundation ("SDTC") for continued development of its patented GlassLock Process™. This funding assisted the Corporation in constructing and operating the GlassLock™ demo plant at the metal processing facility. The construction of the Arsenic demo plant was completed in the fourth quarter of 2018, and it completed operations in the last quarter of 2019. Under the terms of the agreement, the SDTC will contribute up to the lesser of 20.7% of eligible project costs or \$1.25 million.

As part of the SDTC contribution agreement, the Corporation has received a total of \$1,125,000 from the SDTC during the construction and operation of the arsenic vitrification plant. The contribution was recognized through comprehensive loss.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

### 8. PROMISSORY NOTES AND SHORT-TERM LOANS FROM A RELATED PARTY

#### 8.1 Promissory notes

The Corporation signed twelve promissory notes payable on demand to a wholly owned subsidiary of Dundee along with interest at a rate of 18% per annum. As at March 31, 2020, the principal amount of the promissory notes totaled \$5,884,000 (2019 – \$4,739,000) and the finance cost accrued during the three months ended March 31, 2020 amounted to \$241,298 (\$136,435 for the three months ended March 31, 2019).

Promissory notes	Three months ended March 31,	
	2020	2019
	\$	\$
Balance – beginning of period	5,731,100	2,950,905
Principal amount advanced	1,145,000	764,000
Finance costs accrued	241,298	136,435
<b>Balance – end of period</b>	<b>7,117,398</b>	<b>3,851,340</b>

#### 8.2 Short-term loans

The short-term loans, from a wholly owned subsidiary of Dundee, bear interest at the rate of 12.68% per annum and are secured by a hypothec, *pari passu* with Investissement Québec's ("IQ") convertible debenture and Canada Economic Development for Quebec Regions' (CED) contribution, over all of the Corporation's property other than its intellectual property. The interest is payable concurrently with the repayment of the loans. In 2019, the maturity date of the loans was extended to the earlier of November 30, 2020 and the date at which the Corporation raises the sum of \$10,000,000 or greater by way of issuing debt or equity. The Corporation has the option to repay the loans at any time.

As at March 31, 2020, the principal amount of the loans totaled \$8,310,000 (2019 – \$8,310,000).

Short-term loans	Three months ended March 31,	
	2020	2019
	\$	\$
Balance – beginning of period	13,814,573	12,760,865
Finance costs accrued	261,988	259,817
<b>Balance – end of period</b>	<b>14,076,561</b>	<b>13,020,684</b>

### 9 CONVERTIBLE DEBENTURE AND LOANS

#### 9.1 Convertible debenture

In May 2015, the Corporation completed a \$5,000,000 financing with IQ consisting of a private placement of subordinated voting shares of \$1,000,000 and a secured convertible loan in an amount of up to \$4,000,000 (the "IQ Loan"). IQ advanced \$1,900,000 in 2015 and \$2,100,000 in 2016.



# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

The IQ Loan, which is evidenced by a secured convertible debenture, with a term of five years from its inception date, bears interest at a rate of 8% per annum, is payable quarterly, and can be converted after one year at the holder's option into subordinate voting shares of the Corporation at a conversion price equal to the closing market price of the shares on the day prior to conversion. The Corporation has the right to redeem the IQ Loan subject to a 10% premium. Starting October 1, 2016, interest has been capitalized. During the three months ended March 31, 2020, the Corporation capitalized \$102,937 in interest (\$94,311 during the three months ended March 31, 2019). In May 2020, The Corporation reached an agreement with IQ to extend the maturity date of the loan from May 2020, to July 2020, to complete a five year term from the first advance received by the Corporation in July 2015 (Note 15).

The IQ Loan is secured by a hypothec, *pari passu* with Dundee's loan and CED's contribution, over all of the Corporation's property other than its intellectual property and is guaranteed by Dundee in an amount of up to \$1,500,000.

The fair value of the debt advanced in 2016 and 2015 was estimated at \$1,857,543 and \$1,642,950, respectively, using an effective rate of 11.7% corresponding to a rate that the Corporation would have obtained for a similar non-subsidized financing. The debentures have no equity component as the conversion price is equal to the closing market price of the shares on the day prior to conversion.

	Three months ended	
	March 31,	
	2020	2019
	\$	\$
Carrying amount of the liability – beginning of period	5,156,632	4,582,124
Capitalized interest expense	102,937	94,311
Amortization of convertible debenture discount	18,515	42,054
<b>Carrying amount of the liability – end of period</b>	<b>5,278,084</b>	<b>4,718,489</b>

### 9.2 CED contribution agreement

Under an amended agreement dated October 12, 2016, the Corporation received from Canada Economic Development for Quebec Regions ("CED") a \$397,000 repayable contribution (the "CED Contribution"). The CED Contribution was used by the Corporation for the acquisition of equipment for its demonstration plant (the "Project") in Thetford Mines. The CED Contribution is non-interest bearing, secured, and repayable in equal monthly installments over seven years starting three years after the end of the Project on March 2020. CED advanced \$324,575 in December 2016 and the remaining balance of \$72,425 in May 2017.

The fair values of the debt advanced in December 2016 and May 2017 were respectively estimated at \$149,944 and \$35,495 using an effective rate of 11.7%. Such rate corresponds to a rate that the Corporation would have obtained for a similar non-subsidized financing. In February 2020, the Corporation started repaying the loan as stated in the agreement.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

The CED Contribution is secured by a hypothec, *pari passu* with Dundee's and IQ's loans, over all of the Corporation's property other than its intellectual property.

	Three months ended	
	March 31,	
	2020	2019
	\$	\$
Balance – beginning of period	260,841	232,430
Payments	(9,452)	-
Amortization of long-term debt discount	7,630	6,799
<b>Balance – end of year</b>	<b>259,019</b>	<b>239,229</b>
<b>Short-term portion</b>	56,714	-
<b>Long-term portion</b>	202,305	239,229
<b>Total</b>	<b>259,019</b>	<b>239,229</b>

## 10. SHARE CAPITAL

### Authorized

On March 31, 2020 and December 31 2019, the authorized capital of the Corporation consisted of an unlimited number of subordinate voting shares and multiple voting shares, without nominal or par value. The holders of subordinate voting shares are entitled to one vote for each subordinate voting share, and the holders of multiple voting shares are entitled to 10 votes for each multiple voting share. The holders of subordinate voting shares and multiple voting shares shall be entitled to receive and to participate equally as to dividends, share for share, in an equal amount on all the subordinate voting shares and multiple voting shares outstanding at year-end. The holders of multiple voting shares shall be entitled at any time and from time to time to have any or all of the multiple voting shares converted into subordinate voting shares on the basis of one subordinate voting share for each multiple voting share. In all other respects, the holders of subordinate voting shares and multiple voting shares shall rank equally and have the same rights and restrictions.

On January 22, 2020, the Corporation consolidated its share capital on a twenty for one basis. A total of 314,942,521 Subordinate Voting Shares and 50,000,000 Multi-Voting Shares were issued and outstanding in the capital of the Corporation. Accordingly, after giving effect to the Consolidation on the basis of twenty existing Shares for one new Share, a total of 15,747,121 Subordinate Voting Shares and 2,500,000 Multi Voting Shares are now issued and outstanding in the capital of the Corporation.

## 11 WARRANTS

The changes in the Corporation's outstanding common share purchase warrants are as follows:

	Three months ended			
	March 31,			
	2020		2019	
	Number of warrants	Carrying amount	Number of warrants	Carrying amount
		\$		\$
<b>Balance – Beginning and end of year</b>	<b>714,285</b>	<b>200,000</b>	<b>714,285</b>	<b>200,000</b>

The warrants' expiry date is November 23, 2022, and they are exercisable at a price of \$1.20 per common share.

## Dundee Sustainable Technologies Inc.

### Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

#### 12. STOCK OPTION PLAN

The changes in the Corporation's outstanding and exercisable options are as follows:

	Three months ended March 31,			
	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – beginning of period	973,750	1.65	1,067,625	1.67
Forfeited	(22,500)	1.33	(20,000)	1.00
<b>Balance – end of period</b>	<b>951,250</b>	<b>1.66</b>	<b>1,047,625</b>	<b>1.69</b>

As at March 31, 2020, outstanding options, all of which are exercisable, are as follows:

Number of options	Weighted average exercise price	Expiry date
	\$	
10,000	4.00	November 18, 2020
30,000	1.00	November 18, 2020
25,000	2.00	November 18, 2020
30,000	1.00	November 7, 2020
37,500	2.00	November 7, 2020
427,500	1.00	February 3, 2022
71,250	4.00	November 27, 2022
270,000	2.00	April 18, 2023
25,000	2.00	April 26, 2023
25,000	2.00	June 18, 2023
<b>951,250</b>		

The residual weighted average contractual term of outstanding options was 2.14 years as at March 31, 2020.

#### 13. RESEARCH AND DEVELOPMENT

	Three months ended March 31,	
	2020	2019
	\$	\$
Research and development	391,558	915,360
Recognition of a related party contribution through comprehensive loss as per eligible GlassLock demo plant expenditures incurred during the period	-	(366,239)
	<b>391,558</b>	<b>549,121</b>

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

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### 14. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31,	
	2020	2019
Finance cost paid	\$ -	\$ 909
Finance cost on lease payments	34,762	-

### 15. SUBSEQUENT EVENTS

#### *Convertible debenture*

In May 2020, the Corporation obtained an approval from IQ to extend the maturity date of its convertible debenture from May 15, 2020 to July 13, 2020 with all the other terms conditions remaining unchanged.

# **Dundee Sustainable Technologies Inc.**

Management's Discussion and Analysis

For the three months ended March 31, 2020

2000 Peel Street, Suite 860, Montréal, QC, H3A 2W5  
Tel.: 514.866 6001 / [www.dundeetechnologies.com](http://www.dundeetechnologies.com)

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## TABLE OF CONTENT

FOR THE THREE MONTHS ENDED MARCH 31, 2020

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BACKGROUND .....	3
INCORPORATION AND NATURE OF OPERATIONS .....	3
OPERATIONS DURING Q1 2020 .....	5
BUSINESS STRATEGY .....	5
INFORMATION ON EQUITY .....	6
STOCK OPTION PLAN.....	6
FINANCING ACTIVITIES.....	6
INVESTING ACTIVITIES .....	7
LIQUIDITY AND WORKING CAPITAL .....	7
SELECTED QUARTERLY INFORMATION.....	10
OUTLOOK FOR 2020 .....	10
OFF BALANCE SHEET ARRANGEMENTS.....	11
CONTRACTUAL OBLIGATIONS AND COMMITMENTS.....	11
SUBSEQUENT EVENTS .....	11
ACCOUNTING POLICY CHANGES, CRITICAL ESTIMATES, JUDGMENTS AND ASSUMPTIONS .....	11
FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS.....	11
RISKS AND UNCERTAINTIES.....	11
FORWARD LOOKING STATEMENTS.....	11
ADDITIONAL INFORMATION CONCERNING DST .....	12

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

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### BACKGROUND

This Management's Discussion and Analysis ("MD&A") of Dundee Sustainable Technologies Inc. ("DST" or the "Corporation") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the three months ended March 31, 2020.

This MD&A 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, 2019 (the "2019 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 months ended March 31, 2020 (the "March 2020 Interim Consolidated Financial Statements"), all of which have been prepared using International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all figures are in Canadian dollars, the presentation and functional currency.

This MD&A takes into account all material events that took place up until May 11, 2020, the date on which the Corporation's Board of Directors approved this MD&A. Unless otherwise noted, all figures are in Canadian dollars, the presentation and functional currency.

Additional information regarding the Corporation is available on Sedar at [www.sedar.com](http://www.sedar.com) and on the Corporation's website at [www.dundeetechnologies.com](http://www.dundeetechnologies.com).

### INCORPORATION AND NATURE OF OPERATIONS

#### *Incorporation*

The Corporation was incorporated under the Canada Business Corporations Act on July 22, 1997. The Corporation's head office is located at 2000 Peel, Suite 860, Montréal, Quebec, Canada, H3A 2W5.

The authorized capital of the Corporation consists of an unlimited number of subordinate voting shares and multiple voting shares, each multiple voting share having 10 votes. On January 22, 2020, the Corporation consolidated its share capital on a twenty for one basis. (Refer to Note 20 to the 2019 Audited Consolidated Financial Statements)

Dundee Corporation ("Dundee") retains multiple voting shares of the Corporation, which are convertible, at the option of Dundee, into subordinate voting shares of the Corporation for no additional consideration. The multiple voting shares of the Corporation are not listed on a stock exchange.

At March 31, 2020, Dundee owned 8.9 million subordinate voting shares and all of the 2.5 million multiple voting shares (178.18.9 million and 50.0 million respectively pre-consolidation) of the Corporation giving Dundee a 63% equity interest and an 83% voting interest in the Corporation. In addition, Dundee is owed \$21.2 million in short term debt, including accrued interest.

#### *Overview*

The Corporation is a leader 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, DST extracts precious and base metals from ores, concentrates and tailings, while permanently stabilizing contaminants such as arsenic, antimony and cadmium. These minerals resources could not otherwise be extracted or stabilized with conventional processes because of metallurgical issues, cost or environmental considerations. The Corporation's main focus is on the commercialization of its two innovative and patented processes (the "Technologies"). As part of the commercialization process, the Corporation has branded these technologies as the CLEVR Process™ (Chlorine Leach Vat Reactor) and the GlassLock Process™ (permanent arsenic sequestration in glass).

#### *GlassLock Process™*

DST has designed, built and patented a method for the permanent stabilization of arsenic from numerous sources, including, but not limited to, arsenopyrite, enargite, cobaltite, flue dusts and environmental remediation. This process is an attractive technique to permanently stabilize arsenic and does so at a

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

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significantly lower cost than current alternatives, such as ferric arsenate or scorodite. This presents the Corporation with numerous opportunities to process materials considered too toxic or uneconomic to be exploited or stabilized using conventional mining and processing methods.

### **CLEVR Process™**

DST has also developed an advanced proprietary process associated with the extraction of precious and base metals using sodium hypochlorite to provide a cyanide-free alternative for the exploitation of gold deposits. The primary benefit of this innovative technology is a significantly shorter processing time (1-2 hours) as compared to the cyanide approach using carbon in leach ("CIL") process (24-48 hours) and operates in a closed-loop operation. A key benefit of the closed loop operation is the elimination of the need for a costly and environmentally risky tailing ponds. It also provides a reduction of the environmental footprint and produces a dry stacked, inert and stable cyanide-free tailings.

The CLEVR Process™ developed by DST is a recognized "green technology" for which it was awarded a \$5 million grant by the Government of Canada, through its Sustainable Development Technology Fund ("SDTC"), for the construction and operation of a demonstration plant. The plant serves as a demonstration platform for the CLEVR Process on an industrial scale and under continuous operating conditions.

The environmentally responsible nature of the gold extraction technology has been confirmed by Environment Canada through the Canadian Environmental Technology Verification Program ("ETV"). The ETV is an independent certification of the performance of its cyanide-free gold extraction process, now called the CLEVR Process™.

The Corporation has protected its intellectual property by filing patents during the development of its technologies. To date, the Corporation has applied or has been granted patents on 11 different processes, and it has 49 patents granted, published, pending or filed in 20 different countries. These patents expire between 2022 and 2036. The Corporation is in the process of expanding its patent portfolio for both processes and additional jurisdictions as warranted.

The Corporation also applied for patents for its CLEVR Process™ in Kazakhstan and China, which are jurisdictions that management sees as promising for the future. The Corporation continues to develop its CLEVR Process™ and recently added key enhancements with the filing of the new patent in China. This will allow the Corporation to update the patent filing in other countries and extend the life of the current patent portfolio.

Inherent in the commercialization of these processes is significant technology development risk. Each of these processes may require significant additional development, testing and investment prior to final commercialization. There can be no assurance that such technologies will be successfully commercialized, or that output from any use of the Corporation's processes could be produced at a commercial scale at reasonable costs or successfully marketed.

### **Technical Services**

The Corporation also uses its state-of-the-art laboratory and processing facility in Thetford Mines, Quebec to assist other companies with services designed to help them with mineralogy for their deposits or complete small-scale processing and testing.

## **RESPONSE TO COVID-19 SITUATION**

The first quarter of 2020 was marked by the severity of the Coronavirus global outbreak. The extent and duration of impacts that the Coronavirus may have on the Corporation's operations including suppliers, service providers, employees and on global financial markets is not known at this time but could be material. The Thetford site was temporarily closed as a result of the measures taken by the Quebec provincial government on March 23, 2020. The Corporation is monitoring developments and has taken appropriate actions in order to mitigate the risk, including safety procedures and contingency plans to restore operations at its plant in Thetford Mines. Partial operations resumed in May with employees and contractors following the control and practices that have been established on site.



# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

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### OPERATIONS DURING Q1 2020

#### ***GlassLock Process™***

The industrial scale GlassLock plant (the "Plant") was delivered to our development partner. In conjunction with the mineral processing facility's personnel, DST personnel have completed the demonstration phase of the project and submitted the final report in the fourth quarter of 2019. The Corporation is in the final stages of negotiations with the customer to complete a tradeoff study and basic engineering study in Q2 and Q3 of 2020. The Plant was financed through a collaboration arrangement with a related party and will provide proof of the GlassLock Process™ in an industrial environment. The Corporation also was awarded an SDTC a grant of \$1.25 million to partially offset costs associated with this plant. This grant was recently increased to \$1.31 million as a result of Covid-19.

#### ***CLEVR Process™***

In 2017, the Corporation completed the second of two demonstration programs to prove the efficacy of the CLEVR Process™ with the assistance of SDTC. The current intention of the Corporation is to initiate an independent technical-economic study, designed with the objective of building the first commercial plant in partnership with a strategic partner. DST is experiencing an increased interest in using this technology and has recently been engaged to do some high-level testing and flow sheet development for several gold customers for the application of the CLEVR Process™ on deposits under development. Testing of these samples is on-going.

#### ***Technical Services***

DST continues to build its technical services business and under the terms of these contracts, the Corporation will provide technical services in markets such as aluminium by-products, fertilizers, lithium, cobalt, nickel, magnesium, graphite and gold. Contributions from these contracts will help to offset developmental and operating costs related to its primary technologies.

### BUSINESS STRATEGY

The growing pressure from communities and government authorities over the use of cyanide in various jurisdictions around the world is forcing developing gold projects to seek alternative processes that can extract the gold without the environmental liabilities associated with cyanide, while maintaining control over the deleterious elements such as arsenic, mercury and antimony.

DST offers a competitive alternative to the cyanidation process. The technology is at the forefront of the mining industry's innovative extraction processes and caters to the worldwide growing need for extractive technologies capable of processing refractory and arsenic bearing material. This alternative provides DST leverage to access quality material including material from metallurgical or environmentally constrained deposits.

DST's business plan is focused on controlling both of its technologies and leveraging them to become a major player in the industry. The Corporation has a unique opportunity to emerge as a major stakeholder in multiple mining projects. In the immediate term, DST is focused on advancing its discussions with major gold and copper producing companies on building alternative processing and stabilization processes. The Corporation is currently processing test material for a number of customers. Assuming successful results, the next step is to negotiate the business terms with those customers for commercializing its Technologies.

The technology that the Corporation has developed with respect to complex deposits will allow for the development and or advancement of mining projects that would not be viable without its patented technology. DST has identified over 100 gold projects that could face significant concerns due to cyanide use, environmental and/or metallurgical constraints. These include some of the largest gold projects on the planet. The commercialization of the Corporation's Processes would enable mining companies to advance those projects which are currently constrained because of the refractory or toxic nature of their deposits. Discussions are ongoing with a number of mining companies to help advance these otherwise stranded deposits.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

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### INFORMATION ON EQUITY

The authorized capital of the Corporation consists of an unlimited number of subordinate voting shares and multiple voting shares, without nominal or par value. The holders of subordinate voting shares are entitled to one vote for each subordinate voting share and the holders of multiple voting shares are entitled to ten votes for each multiple voting share. The holders of subordinate voting shares and multiple voting shares shall be entitled to receive and to participate equally as to dividends, share for share, in an equal amount on all the subordinate voting shares and multiple voting shares at the time outstanding. The holder of multiple voting shares shall be entitled at any time and from time-to-time to have any or all of the multiple voting shares converted into subordinate voting shares based on one subordinate voting share for each multiple voting share. In all other respects, the holders of subordinate voting shares and multiple voting shares shall rank equally and the same rights and restrictions.

On January 22, 2020, the Corporation consolidated its share capital on a twenty for one basis. (Refer to Note 20 to the financial statements for the years ended December 31, 2019)

	<b>May 11, 2020</b>
Subordinate voting shares issued	15,747,121
Options	951,250
Warrants	714,285
<b>Total – fully diluted subordinate voting shares</b>	<b>17,412,656</b>

  

<b>Multiple voting shares issued (each multiple voting share has 10 votes)</b>	<b>2,500,000</b>
--	------------------

(1) At May 11, 2020, Dundee owned 8.9 million subordinate voting shares of the Corporation (63%) and all of the outstanding multiple voting shares.

### STOCK OPTION PLAN

The Board of Directors of the Corporation has full and final discretion to designate the persons who are to be granted options and to determine such number of options as well as their exercise price and vesting period. The exercise price shall not be less than that permitted under the rules of any stock exchange on which the subordinate voting shares are listed. The purpose of the stock option plan is to serve as an incentive for the directors, officers, employees and service providers who will be motivated by the Corporation's success as well as to promote ownership of common shares of the Corporation by these people. There is no performance indicator relating to profitability or risk attached to the plan.

### FINANCING ACTIVITIES

#### **Three months ended March 31, 2020**

##### *Promissory note from a Related Party*

During the three months ended March 31, 2020, the Corporation signed three promissory notes in the total principal amount of \$1,145,000 payable on demand to a wholly owned subsidiary of Dundee along with interest at a rate of 18% per annum.

As at March 31, 2020, the aggregate principal amount of the promissory notes outstanding totaled \$5,884,000 and the finance cost accrued during the period amounted to \$241,298.

#### **Three months ended March 31, 2019**

##### *Promissory note from a Related Party*

In February 2019, the Corporation signed a promissory note in the principal amount of \$764,000 payable on demand to a wholly-owned subsidiary of Dundee along with interest at a rate of 18% per annum.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

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As at March 31, 2019, the aggregate principal amount of the promissory notes totaled \$3,439,000 and the finance cost accrued during the period amounted to \$136,434.

### INVESTING ACTIVITIES

No investing activities were performed during the three months ended March 31, 2020.

### LIQUIDITY AND WORKING CAPITAL

On March 31, 2020, the working capital position of the Corporation was negative \$27,227,961 (negative \$25,822,614 as at December 31, 2019). This working capital deficiency includes \$21,193,959 (\$19,545,673 as at December 31, 2019) of short-term loans (principal and accrued interest) from Dundee. Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through the twelve months ended March 31, 2021. The Corporation will periodically have to raise additional funds to continue operations. The Corporation is pursuing financing alternatives to fund its operations and working towards developing its activities to operate as a going concern. The Corporation obtained and extension on the maturity date of its convertible debt from May to July 2020. Although there is no assurance that the Corporation will be successful in these actions, management believes, based on previous fund-raising experience and commercial activities, that it will be able to secure the necessary financing. Financings could be completed through the issuance of debt or new equity in public or privately negotiated equity offering. While it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

### DISCUSSION AND ANALYSIS OF OPERATIONS

#### *Revenues*

During the three months ended March 31, 2020, the Corporation processed material for a number of customers, including major gold producers, for testing of ores and concentrates using the Corporation's Technologies. As well, exploration and development companies in other commodities such as aluminium, nickel, graphite and lithium utilized the Corporation's facilities and highly skilled personnel for the advancement of their projects.

The Corporation provided its technical expertise and its facilities to these companies to evaluate the development of their projects using the Corporation's Thetford Mines facility including its CLEVR Process™ for precious metal extraction and/or its GlassLock Process™. The technical services may serve to demonstrate the efficiency of the Corporation's facilities and technical staff at the laboratory and/or pilot scales on specific projects in need of viable processing alternative and initiate engineering studies required for an industrial implementation.

Revenues totaled \$477,645 during the three months ended March 31, 2020 with related cost of \$466,295 recorded under operating expenses related to services. The Corporation reported revenues of \$172,836, with related cost of \$145,544 in the same period of the prior year. Revenues by line of business were as below:

	Three months ended	
	March 31,	
	2020	2019
	\$	\$
GlassLock Process	161,892	66,734
CLEVR Process	62,636	33,289
Other service revenues	253,117	72,813
	<b>477,645</b>	<b>172,836</b>

## DUNDEE SUSTAINABLE TECHNOLOGIES INC.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

#### *Operating expenses*

The major components of the operating expenses are as follows:

	Three months ended March 31,	
	2020	2019
	\$	\$
Labour	239,046	90,722
Consultants	105,385	30,925
Consumables	76,967	3,429
Plant overhead	44,897	20,468
	<b>466,295</b>	<b>145,544</b>

#### *Technology development*

During the three months ended March 31, 2020, the Corporation incurred technology development costs of \$391,558 (\$915,360 in the same period of 2019) primarily on its GlassLock Process™. These costs relate to research activities conducted in the arsenic technology and the laboratory. The remaining expenses relate to the operation of the demonstration plant, other technology development, patent maintenance and plant overhead.

The Corporation periodically receives reimbursement of project expenses generated under a collaboration agreement with a related party and financial assistance under government incentive programs. These compensate the Corporation for expenses incurred and are normally recognized as a reduction to research and development expense on a systematic basis in the same periods in which the expenses are incurred. On a net-of-assistance and contribution from a related party basis, research and development costs amounted to \$391,558 (\$549,121 in the same period of 2019).

	Three months ended March 31,	
	2020	2019
	\$	\$
Arsenic plant	-	430,009
Plant expenses	364,827	462,149
Patent maintenance	26,731	23,202
Technology development	391,558	915,360
Net contribution from a related party	-	(366,239)
<b>Technology development expenses, net</b>	<b>391,558</b>	<b>549,121</b>

#### *Professional and consulting fees*

	Three months ended March 31,	
	2020	2019
	\$	\$
Legal	11,350	8,692
Audit, audit related work and tax compliance	100,000	66,243
Accounting	-	2,211
	<b>111,350</b>	<b>77,146</b>

Audit fees increased in 2020 compared to the same period of previous year due to the implementation of new accounting policies and the review of the different types of revenue contracts performed by the Corporation.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

### *Administrative expenses*

	Three months ended March 31,	
	2020	2019
	\$	\$
Insurance	41,318	29,857
Rent and lease operating expenses	21,065	56,077
Website and technical support	1,848	5,832
Travel and accommodations	11,382	10,808
Telecommunications and others	12,165	18,275
	<b>87,778</b>	<b>120,849</b>

The increase in insurance expense was due to the renewal of our D&O policy. Canadian D&O market and in particular, companies that are domiciled in Quebec, have seen some significant upward pressure on rating and tightening of underwriting parameters.

The decrease in rent and lease operating expenses was due to the relocation of the head office to a new location during the third quarter of 2019 with a lower cost. Also, after to the implementation of IFRS 16 *Leases*, the amount recorded in the three months ended March 31, 2020, accounts only to the operating expenses of the office.

### *Wages and compensation*

	Three months ended March 31,	
	2020	2019
	\$	\$
Employees	100,342	126,225
Officer compensation	123,839	43,541
Director fees	6,000	15,000
	<b>230,181</b>	<b>184,766</b>

Officer compensation relates to the President and Chief Executive Officer's (CEO) compensation. The remuneration of the actual CEO is based on a monthly rate of \$16,667. Until March 2020, the remuneration of the President and CEO was based on a monthly rate of \$15,833. The increase in officer compensation was due to the departure bonus payment to the former CEO.

### *Other Gains and Losses*

	Three months ended March 31,	
	2020	2019
	\$	\$
Interest expenses on:		
Dundee short-term loans and Dundee promissory notes	503,286	396,252
IQ loan	102,937	94,311
IQ loan accretion expense	18,515	42,053
CED Contribution accretion expense	7,630	6,799
Interest expense on leases	34,762	-
Other interest expense	-	40,865
Gain on disposal of assets	(800)	-
	<b>666,330</b>	<b>580,280</b>

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

### SELECTED QUARTERLY INFORMATION

The following table sets forth selected historical financial information for the Corporation from the last eight quarters. Such information is derived from the Corporation's interim unaudited consolidated financial statements prepared in accordance with IFRS. The Corporation adopted IFRS 16 Leases on a modified retrospective basis. The information from 2018 does not reflect the impact of applying the standard:

	Q1-20	Q4-19	Q3-19	Q2-19
	\$	\$	\$	\$
Total revenue	477,645	332,563	455,334	411,292
Operating loss	965,276	694,363	622,653	629,059
Net loss and comprehensive loss	1,520,778	1,381,393	1,300,521	1,251,192
Basic and diluted net loss per share	0.083	0.076	0.071	0.069

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	Q1-19	Q4-18	Q3-18	Q2-18
	\$	\$	\$	\$
Total revenue	172,836	484,906	297,631	579,980
Operating loss	1,042,598	685,791	641,940	963,635
Net loss and comprehensive loss	1,620,128	1,203,538	1,086,284	1,389,127
Basic and diluted net loss per share	0.088	0.066	0.060	0.076

### OUTLOOK FOR 2020

The Corporation continues to move towards the commercialization of its Technologies and seeking to maximize the value of all of its assets to accelerate this growth. The Corporation has numerous initiatives that it will execute to ensure success.

**Glasslock Process™** The Corporation completed the delivery to the mineral processing facility of our development partner in early 2019. During the balance of the year, the Corporation finished the demonstration campaign and presented the technical report to the customer. The Corporation is currently working in a trade off study and basic engineering for delivery of a full-scale plant to the customer. The customer also exercised the option for a moratorium on the promotion of the technology for other copper smelter for a period of one year, in return for a payment of US\$1,000,000. The Corporation will use data from this program to position the technology for adoption by customers around the world.

#### **CLEVR Process™**

The Corporation completed the second of two CLEVR Process™ campaigns through the processing of a complex concentrate from Chile in December 2016 and the Corporation finalized the Demonstration Campaign Report during the first quarter of 2017. The processing of these materials continued to establish the proof of concept of the Corporation's chlorination process for different ore and concentrate streams. The intention is to initiate an independent technical-economic study, designed with the objective of building DST's first commercial plant in partnership with a strategic partner. The Corporation is working with several properties in Asia, Africa and Canada to test their ores and concentrates using the CLEVR Process™. As such, the Corporation just completed two laboratory testwork in collaboration with two major gold mining companies. In addition, two additional laboratory programs with two other major gold mining companies have just been initiated and should be completed in second quarter.

#### **Technical Services:**

With the completion of the two gold chlorination demonstration campaigns, the Corporation owns a state-of-the-art crushing, grinding, mineral processing (hydrometallurgy and pyrometallurgy) facility which is being made available for test programs from the lab scale up to the thousands of tonnes scale. The Corporation is working on two significant technical services projects that could result in revenues of \$3.0 million over the next two years. Management is constantly in discussions with numerous parties with respect to projects that will maximize the value of our Thetford facility.

# **DUNDEE SUSTAINABLE TECHNOLOGIES INC.**

## **MANAGEMENT'S DISCUSSION AND ANALYSIS**

FOR THE THREE MONTHS ENDED MARCH 31, 2020

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Management estimates that the Corporation will have to raise funds for its operations and to continue its activities. Although there is no assurance that the Corporation will be successful in these actions, management believes, based on previous fund-raising experience, that it will be able to secure the necessary financing through the issuance of debt or new equity in public or privately negotiated equity offering. While it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

### **OFF BALANCE SHEET ARRANGEMENTS**

The Corporation did not enter into any off-balance sheet arrangements during the three months ended March 31, 2020 and 2019.

### **CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

The contractual obligations of the Corporation include lease payments for the Thetford Mines facilities and the head office in Montreal (Refer to Note 5 to the financial statements for the years ended December 31, 2019).

### **SUBSEQUENT EVENTS**

#### *Convertible debenture*

In May 2020, the Corporation obtained an approval from IQ to extend the maturity date of its convertible debenture from May 15, 2015 to July 13, 2020 with all the other terms conditions remaining unchanged.

### **ACCOUNTING POLICY CHANGES, CRITICAL ESTIMATES, JUDGMENTS AND ASSUMPTIONS**

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Corporation's critical accounting policies, estimates, judgments, assumptions in the financial statements as at December 31, 2019 in notes 1, 2 and 3.

### **FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS**

The Corporation is exposed to various financial risks resulting from both its operations and its investments activities. The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Corporation's main financial risk exposure and its financial risk management policies are disclosed in Note 20 to the annual consolidated financial statements for the years ended December 31, 2019 and 2018.

### **RISKS AND UNCERTAINTIES**

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 from those described in the 2019, MD&A of the Corporation, including the risk of the COVID-19 situation. These business risks should be considered by interested parties when evaluating the Corporation's performance and its outlook.

### **FORWARD LOOKING STATEMENTS**

DST'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 2020 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

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2020

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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 technology and resources 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 and without limitation, those referenced in the section above entitled "Risks and Uncertainties". The preceding list is not exhaustive of all possible risk factors that may influence actual results and is compiled based upon information available as of the issuance date of this MDA.

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.

### ADDITIONAL INFORMATION CONCERNING DST

Additional information relating to Dundee Sustainable Technologies may be found on SEDAR at [www.sedar.com](http://www.sedar.com) and the Corporation's website at [www.dundeetechnologies.com](http://www.dundeetechnologies.com).

May 11, 2020

*(s) David Lemieux*

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David Lemieux  
President and CEO

*(s) Arved Marin*

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Arved Marin  
CFO