Dundee Sustainable Technologies Inc.

(Previously known as Nichromet Extraction Inc.)

Management's Discussion and Analysis

Years ended December 31, 2013 and 2012

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BACKGROUND

The following management discussion and analysis (the "MD&A") of Dundee Sustainable Technologies Inc. (previously known as Nichromet Extraction Inc.) ("DST" or the "Corporation") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the years ended December 31, 2013 and 2012. This MD&A should be read in conjunction with the Corporation's audited consolidated financial statements for the years ended December 2013 and 2012, prepared in accordance with the International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all figures are in Canadian dollars, the presentation and functional currency.

FORWARD LOOKING STATEMENTS

Some statements contained in this MD&A constitute forward looking statements, including, without limitation, anticipated developments in the Corporation's operations in future periods and other events or conditions that may occur in the future. These statements are about the future and are inherently uncertain and actual achievements of the Corporation or other future events or conditions may differ materially from those reflected in the forward-looking statements due to a variety of risks, uncertainties and other factors, including, without limitation, those mentioned herein under heading "RISKS AND UNCERTAINTIES". Management believes that the expectations reflected in these statements are reasonable but no assurance can be given that these expectations will prove to be correct. It is recommended not to place undue reliance on forward-looking statements as the plans, intentions or expectations upon which they are based might not occur.

INCORPORATION AND NATURE OF OPERATIONS

DST was incorporated under the Canada Business Corporations Act on July 22, 1997. On October 3, 2013, the Board of directors of the Corporation approved a reorganization of the capital structure of the Corporation (the "Capital Reorganization") by amending its articles of incorporation as follows:

a) to change the name of the Corporation to "Dundee Sustainable Technologies Inc." in the English language and "Dundee Technologies Durables Inc." in the French language;
b) to change the designation of the common shares to "subordinated voting shares" and change the rights, privileges, restrictions and conditions attaching thereto; and
c) to create and authorize the issuance of an unlimited number of multiple voting shares, each multiple voting share having 10 votes.

On January 8, 2014, the amendments to the article of the Corporation became effective.

Since 2006, the Corporation has developed at a pilot level metallurgical processes based on a chloride leach technology, a method of treating and extracting gold and/or silver and other base metals by creating a chloride with either chlorine or hydrochloric acid. The approach developed at pilot level is very broad and can involve either oxide or sulfide ores. It enables the recovery of nickel and cobalt from oxide type ores such as serpentine, laterites and other siliceous metal bearing ores and the extraction of precious metals from refractory ores with content of sulfides and arsenic.

These technologies are subject to all technology development inherent risks and may require significant additional development, testing and investments prior to final commercialization. There can be no assurance that such technologies will be successfully further developed, or that output from any use of the Corporation's technologies could be produced at a commercial level at reasonable costs or successfully marketed. To date, the Corporation has not earned significant revenues and is considered to be in the development stage. At December 31, 2013, the principal and majority shareholder of the Corporation is Dundee Corporation and related parties (collectively, "Dundee").

CORPORATE OVERVIEW

Metallurgy Processes Development

DST has developed a chlorination approach for the recovery of base and precious metals from two broad categories of ores namely the oxides (metals combined with oxygen) and the sulfides (metals combined with sulfur).

In the period 2006-2008, the technique related to the oxides (serpentinic ores, laterites) was successfully piloted for the extraction of nickel from laterites as established by engineering studies.

The piloting of the oxide ores has been a fruitful exercise for the valuation of the sulfide ores which started in 2009. The DST process applied to the sulfide ores includes an oxidation stage in order to remove the sulfur and other impurities such as arsenic in the starting sulfide ore. The completion of this oxidative step transforms the sulfide into an oxide with the removal of the sulfur from the metal and its replacement by oxygen. When this transformation is completed, the new oxide is submitted to the DST treatment, using acid leaching to collect base metals (Cu, Zn, Ni) and hypochloride to collect the precious metals (Au, Ag). The piloting of the sulfides (batch size of 1 ton) was completed in 2012.

The next step for the development of the technology is the completion of a demonstration plant and the exploratory operations at laboratory scale of various ores. Work on the demonstration plant started on June 1, 2013. The design of the demonstration plant is completed and the installation of the demonstration facilities is scheduled for completion by the end of 2014.

Corporate Strategy

The technology being developed by DST uses chlorination in order to extract precious metals such as gold. This process is an alternative to the conventional process used by the mining industry, namely cyanidation, which presents many disadvantages and environmental hazards.

The current stage of the DST's chlorination extraction technology is the result of 10 years of effort in combined laboratory development and pilot plant scale validation. The results obtained at a laboratory scale led to the construction of a pilot plant installation in 2011 and 2012 in order to pursue the development of DST's chlorination extraction technology. With successful pilot results, the next stage is to finalize the development of the chlorination extraction technology at a pre-commercial stage. This first requires the construction of a pre-commercialization demonstration plant operating on a continuous production basis.

The pre-commercialization demonstration plant will have a capacity of 15 tons per day ("TPD") in order to assess on a pre-industrial scale DST's chlorination extraction technology under continuous operating conditions. The demonstration plant will offer the first test of the DST's chlorination extraction technology in an operating environment with near industrial conditions. The scale-up factor is in the order of 15:1 compared to the pilot installation. Although the size of the pre-commercialization demonstration plant seems modest according to references in the mining industry, it is large enough to establish the credibility of the process on an industrial scale. This pre-commercialization demonstration plant will serve as reference for the establishment of full scale plants operating with the same technology.

In the medium term, the DST business model is expected to be the licensing of its technology to third parties. Rights to DST's chlorination extraction technology would be licensed to companies wishing to use DST's chlorination extraction technology in return for royalties. Cyanide has been banned for usage by most countries and there are many gold ore bodies that are lying idle for lack of a process that can extract the gold without cyanide and that may represent potential users of the DST technology. The technology is of particular interest for gold mining companies and therefore the price of gold will be a significant factor in the Corporation's business development. Refer to "Risks and Uncertainties".

Research and development activities at both laboratory and pilot levels are carried out in house except for the verification of certain results which are referred to an independent laboratory and in parallel with the construction of the demonstration plant.

Intellectual Property

DST's technology is protected by patents filed during the development of the technology to reinforce the level of protection.

HIGHLIGHTS

Year ended December 31, 2013

- Contribution Agreement with the Sustainable Development Technology Canada Foundation ("SDTC"). Under the terms of the agreement, the SDTC could contribute up to the lesser of 25.30% of eligible project costs or $5,000,000 for the construction of the demonstration plant. As part of the Contribution Agreement, the Corporation received on July 17, 2013, $656,543 from SDTC corresponding to the eligible activities to be incurred from June 1, 2013 to December 31, 2013 net of a 10% holdback;
- Engineering for the fluidized bed for the demonstration plant;
- Beginning of the engineering of the demonstration plant;
- Activities in the pilot plant: analysis of the gold absorption system over carbon in relation with bromine recycling; modelisation of the process (Metsim); deposition of gold on silica; silver extraction from complex ore; vitrification of arsenic containing other toxic elements; recovery of precious metals from waste electronic products; valorisation of zinc/silver/lead ores;
- Investment in Creso Exploration Inc. ("Creso") and amalgamation agreement - Refer to "Investing Activities".

Year ended December 31, 2012

- Québec government financial assistance for green technology of $271,747;
- Hypochlorite gold extraction on a continuous basis;
- Installation of the fluidized bed at laboratory scale for the oxidation of sulfide;
- Stabilization of arsenic by formation of glass;
- Development of an approach for iron/arsenic removal in the presence of copper and zinc;
- Operation of the pilot with all features: oxidation, chlorination, recycling and reagents and gold recovery;
- Successful completion of Phase Two of the pilot plant.

INFORMATION ON EQUITY

	December 31, 2013	**December 31, 2012**
Common shares (1)	214,928,724	147,614,214
Options	21,425,000	8,625,000
Warrants	50,000,000	10,535,000
Total – fully diluted	**286,353,724**	**166,774,214**

(1) At December 31, 2013, Dundee owned 179,005,144 shares of the Corporation (64.2%) and all of the outstanding warrants.

On January 8, 2014, the amendments to the article of the Corporation became effective. Following the amendments, the authorized capital of the Corporation consists of an unlimited number of subordinated 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 entitles 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 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 the same rights and restrictions.

	April 25, 2014
Subordinated voting shares	228,544,201
Options	23,970,000
Warrants	62,456,566
Total – fully diluted subordinated voting shares	**314,970,767**
Multiple voting shares (each multiple voting shares have 10 votes)	**50,000,000**

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 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.

In 2013, the Corporation granted a total of 700,000 stock options exercisable at $0.20 per share and 12,550,000 stock options exercisable at $0.10 per share and expiring on the fifth anniversary of their date of issuance. In 2012, the Corporation granted a total of 2,575,000 stock options exercisable at $0.20 per share and expiring on the tenth anniversary of their date of issuance. All options vested on the date of the grant.

FINANCING ACTIVITIES
(also refer to the "Subsequent Events" section)

Private placements

Year ended December 31, 2013
On July 9, 2013, the Corporation closed a non-brokered private placement with Dundee for gross proceeds of $5,000,000. The financing consisted of the issuance of 50,000,000 units at a price of $0.10 per unit. Each unit comprises one common share and one common share purchase warrant. Each warrant entitles the holder thereof to acquire one common share at a price of $0.10 for a two-year period following closing.

Year ended December 31, 2012
During the year ended December 31, 2012, Dundee exercised 14,465,000 warrants to purchase the same amount of shares for total proceeds of $2,893,000.

Exercise of warrants, options and shareholder options

Following the exercise of warrants by Dundee, the Corporation received proceeds of $1,425,000 in 2013 ($2,893,000 in 2012). In addition, options were exercised in 2013 for proceeds of $30,000 (Nil in 2012).

INVESTING ACTIVITIES

On July 9, 2013, Dundee sold to the Corporation 19,779,000 common shares of Creso and 9,500,000 common share purchase warrants of Creso and in exchange, the Corporation issued 9,889,510 of its common shares. Each Creso share purchase warrant entitles the Corporation to purchase one Creso common share at an exercise price of $0.10 per common share until July 14, 2014 for 5,000,000 of such warrants and until December 21, 2014 for the remaining 4,500,000 of such share purchase warrants. DST accounted the transaction at the fair value of the counterpart received for its shares at the acquisition date.

In addition, promissory notes in the principal amount of $500,000 and $200,000 are receivable as at December 31, 2013 from Creso, according to an agreement dated July 10 and December 20, 2013 respectively. The unsecured notes are due on July 10, 2014 and bear an annual interest rate of 6% payable at maturity.

Amalgamation with Creso Exploration Inc. ("Creso")

On November 22, 2013 the Corporation, a wholly-owned subsidiary of Corporation ("Subco") and Creso entered into an agreement pursuant to which Creso and Subco will amalgamate (the "Amalgamation") and the amalgamated company will become a wholly-owned subsidiary of DST.

On April 1, 2014, the Amalgamation became effective and the Corporation, indirectly, acquired all of the issued and outstanding common shares of Creso, which it didn't already own, and the shareholders of Creso received one subordinate voting share of the Corporation in exchange for two common shares of Creso. Holders of options and warrants of Creso received options and warrants, as applicable, of the Corporation based upon the same exchange ratio. For more details refer to the "Subsequent Events" section and the Management Information Circular of Creso in respect to the Amalgamation, dated January 31, 2014, and filed on Sedar.

LIQUIDITY AND WORKING CAPITAL

On December 31, 2013, the working capital of the Corporation was at $2,370,127 ($1,481,779 as at December 31, 2012).

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through to December 31, 2014. 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. Although there is no assurance that the Corporation will be successful in these actions, management is confident that it will be able to secure the necessary financing through the issuance of 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 it will be able to do so in the future. Refer to the "Subsequent Events" Section.

DISCUSSION AND ANALYSIS OF OPERATIONS

The Corporation's objective is to finalize the development of the chlorination technology to extract precious metals such as gold, at a pre-commercial stage through the construction of a demonstration plant of 15 tonnes per day that will operate on a continuous mode under industrial conditions.

In connection with the agreement reached with the SDTC, the Corporation filed consortium agreements with third parties regarding the global financing of demonstration plant and the procurement of mineral concentrates. As of June 1, 2013 consortium agreements were signed with Creso and Dundee Precious Metals for the procurement of mineral concentrates.

Of the $27 million demonstration plant projected budget, the Corporation has spent in total $3,077,533 in 2013. As at December 31, 2013, the Corporation has firm purchasing commitment for $1,706,804 towards equipment and services relating to the demonstration plant.

The Corporation reported a loss of $3,986,403 in 2013 versus a loss of $3,802,431 in 2012.
Following are the details of research and development:

	2013	2012
	$	$
Salaries	1,088,762	748,615
Contractors	1,314,777	315,464
Building maintenance	410,576	105,731
Equipment	1,234,466	757,882
Consumables	261,168	311,784
Other	481,161	154,568
	4,790,910	**2,394,044**
Government assistance and tax credits	(902,612)	(271,747)
Research and development expenses	**3,888,298**	**2,122,297**

Research and development expenses in 2013 include $3.1 million of costs for the demonstration plant. The remaining expenses relate to research activities conducted in the pilot plant. In 2012, the development costs include costs related to the oxidation and chlorination processes.

Tax credits amounted to $902,612 in 2013 ($271,747 in 2012). Tax credits include a contribution from the SDTC recognised through the Consolidated Statement of Comprehensive Loss of $656,543 in 2013 (Nil in 2012). The remaining balance of the 2013 tax credits is composed of the Quebec reimbursable SR&ED credits.

Following are the details of professional and consulting fees:

	2013	2012
	$	$
Legal	247,737	54,753
Audit	207,590	54,110
Consulting administration	198,873	250,236
Professional fees	140,916	101,468
Consulting geology	129,456	155,383
Accounting	29,150	5,483
Marketing consulting	-	42,006
Professional and consulting fees	**953,722**	**663,439**

Legal fees include corporate secretarial services and other legal fees. The increase in 2013 is due to: (i) the investing activities (investment in and loan to Creso); (ii) the Contribution Agreement with SDTC and related Consortium Agreements; and (iii) the negotiations and renewal of the Thetford Mines lease.

The increase in the audit fees between 2013 and 2012 is caused by the financial statement audit requirement generated by the agreement reached with the SDTC (e.g. audit of the twelve-month period ended December 2012 and 2011) and by the audit of the nine-month period ended September 30, 2013.

Consulting administration fees are annual fees paid to officers of companies controlled by officers. Consulting administration fees in 2012 include a bonus of $50,000 paid to DST's president.

Professional fees consist of business development activities in Guatemala and also include certain audit related fees performed in 2013. The variance is due to audit related work and tax compliance services performed in 2013 regarding R&D credit claims (Nil in 2012) and other services related to the SDTC grant in 2013 only.

Consulting geology fees are paid to a company controlled by a director of the Corporation for services rendered in relation with the testing of minerals from Cuba and the Dominican Republic. The difference in 2012 compared to 2013 is attributable to travels to Cuba and the Dominican Republic.
Marketing consulting relates to a special promotion program to present DST's technology to the mining industry that took place only in 2012.

Following are the details of the administrative expenses:

	2013	2012
	$	$
Insurance	89,378	89,119
Rent	70,487	66,068
Website and technical support	34,392	53,233
Telecommunications	22,639	28,902
Transportation	10,552	35,465
Others	43,008	38,342
Administrative expenses	**270,456**	**311,129**

The total share-based payment expense totalled $759,047 in 2013 as compared to $460,702 in 2012. The Corporation granted a total of 13,250,000 (2,575,000 in 2012) stock options to its officers, directors and employees in 2013. Options vested at the grant date.

In addition, an unrealized gain of $2,126,184 (Nil in 2012) was recorded in 2013 on the investment in Creso.

SELECTED ANNUAL INFORMATION

The following table sets forth selected historical financial information for the Corporation for the years ended December 31, 2013, 2012 and 2011.

	2013	2012	2011
	$	$	$
Total revenue	Nil	Nil	Nil
Net loss and comprehensive loss	3,986,403	3,802,431	3,117,749
Basic and diluted net loss per share	(0.02)	(0.03)	(0.03)
Total assets	10,505,439	6,287,825	6,655,277
Total non-current financial liabilities	Nil	Nil	Nil
Distribution cash dividend	Nil	Nil	Nil

Total assets in 2013 include investments in Creso of $2,770,654. The variation in Total expenses is attributable to the level of research and development activities.

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 financial statements prepared in accordance with IFRS.

	Q4-13	Q3-13	Q2-13	Q1-13
	$	$	$	$
Total revenue	Nil	Nil	Nil	Nil
Net loss and comprehensive loss	1,171,143	948,613	786,548	1,080,099
Basic and diluted net loss per share	0.005	0.005	0.005	0.007

	Q4-12	Q3-12	Q2-12	Q1-12
	$	$	$	$
Total revenue	Nil	Nil	Nil	Nil
Net loss and comprehensive loss	1,596,903	505,831	780,032	919,665
Basic and diluted net loss per share	0.011	0.004	0.006	0.007

The variation in Net loss and comprehensive loss is attributable to the level of research and development activities from one quarter to the other. In addition, an unrealized gain of $0.3 million and $1.8 million was recorded in Q3-2013 and Q4-2013 respectively on the investment in Creso.

FOURTH QUARTER

Operating activities
The Corporation reported a loss of $1.2 million for the fourth quarter of 2013 ("Q4-2013") compared to a loss of $1.6 million the same period last year ("Q4-2012"). The main reasons for the variance are:

a) During Q4-2013, research and development expenses totalled $2.4 million, including $2.0 million of costs for the demonstration plant, and the tax credit amounted to $0.4 million. The remaining expenses relate to research activities conducted in the pilot plant. During Q4-2012, the research and development expenses totalled $0.8 million and are related to the oxidation and chlorination processes.
b) Share-based payment expenses of $0.7 million ($0.5 million in Q4-2012) were recorded in Q4-2013 following the grant of options in December 2013. Options vested at the grant date.
c) An unrealized gain of $1.8 million (Nil in Q4-2012) was recorded in Q4-2013 on the investment in Creso.

Financing activities
The Corporation did not complete a financing in Q4-2013 and Q4-2012. During Q4-2012, the Corporation received total cash proceeds of $665,000 on exercise of warrants by Dundee (Nil in Q4 in 2013).

Investing activities
On December 20, 2013, the Corporation advanced $200,000 to Creso under the same conditions as the unsecured note of $500,000 advanced on July 10, 2013. The unsecured notes are due on July 10, 2014 and bear an annual interest rate of 6% payable at maturity.

OFF BALANCE SHEET ARRANGEMENTS

The Corporation did not enter into any off-balance sheet arrangements in 2013 and 2012.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The contractual obligations of the Corporation include lease payments for the Thetford Mines facilities and the head office.

The aggregate annual payments due over the following periods are as follows:

	2013	**2012**
	$	$
Less than 1 year	231,829	143,550
Between 1 and 5 years	867,378	40,028
More than 5 years	1,020,488	-

In addition, at December 31, 2013, the Corporation has firm purchasing commitments of equipment and services relating to the demonstration plant totalling $1,706,804.

RELATED PARTY TRANSACTIONS

In addition to the transactions discussed in the financing and investing sections, details of related party transactions with the officers and directors of the Corporation and companies they control are as follows:

	2013	**2012**
	$	$
Professional and consulting fees		
Administration(1)	180,000	230,000
Legal(2)	148,731	46,656
Geology(3)	100,468	75,000
Professional(4)	56,756	72,779
Research and development(5)	271,367	149,940
Share-based expenses(6)	679,292	277,295
	1,436,614	**851,670**

(1) Fees paid to a private company controlled by Pierre Gauthier, Chairman, President and Chief Executive Officer, including a bonus of $50,000 in 2012.
(2) Fees paid to a private company controlled by Luce Saint-Pierre, Corporate Secretary and, in 2013 an amount of $24,526 paid to a law firm of which a director is a partner for services relating to the renewal of the lease in Thetford Mines. Other factors of variation from 2012 to 2013 are a special mandate relating to the listing of the Corporation on a Canadian exchange and investing activities of the Corporation.
(3) Fees paid to a company controlled by a director who is also President of Nichromet Dominicana and Nichromet Guatemala for his services in relation with the testing of minerals from Cuba, the Dominican Republic and other Caribbean countries.
(4) Fees paid to the General Manager of Nichromet Guatemala for business development in Guatemala.
(5) Related party transactions recorded in Research and development are the fees paid to a company controlled by a director who is also Vice-President, Research and Development and starting in April 2013, the salary paid to the Executive Vice-President.
(6) In 2013, 12 087 500 options were granted to related parties compared to 1,475,000 in 2012. The life of the options granted in 2013 is five years while the life of the options granted in 2012 is of 10 years.

SUBSEQUENT EVENTS AFTER DECEMBER 31, 2013

Reorganization and Amalgamation

On January 8, 2014, the amendments to the article of incorporation of the Corporation became effective. Following the amendments, the authorized capital of the Corporation consists of an unlimited number of subordinated 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 entitles 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 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 the same rights and restrictions.

On January 31, 2014, 50,000,000 subordinate voting shares held by Dundee were converted into same number of multi-voting shares, each carrying 10 votes.

On February 28, 2014, Creso shareholders approved the Amalgamation.

On April 1, 2014, the Amalgamation became effective and the Corporation, indirectly, acquired all of the issued and outstanding common shares of Creso, which it didn't already own, and the shareholders of Creso received one subordinate voting share of the Corporation in exchange for two common shares of Creso. Holders of options and warrants of Creso received 2,545,000 options and 12,456,566 warrants, as applicable, of the Corporation based upon the same exchange ratio.

Pursuant to the Amalgamation, the Corporation has (i) 228,544,201 subordinate voting shares issued and outstanding, of which 72.2% are held by the shareholders of DST (including Dundee) and 27.8% are held by the shareholders of Creso (excluding DST, and (ii) 50,000,000 multiple voting shares issued and outstanding, all of which are held by Dundee. Accordingly, Dundee will exercise voting rights in respect of an aggregate of 86.2% of the issued and outstanding voting securities of Dundee Sustainable Technologies Inc.

The common shares of Creso ceased to be listed on the Canadian Securities Exchange ("CSE") on April 1, 2014 and the subordinated voting shares of the Corporation were listed on the CSE on April 8, 2014. The multiple voting shares of the Corporation which are convertible, at the option of the holder, into subordinate voting shares for no additional consideration will not be listed on any stock exchange.

Loan

On January 8, 2014, Dundee agreed to loan $3,000,000 to the Corporation (the "Bridge Loan"). The funds from the Bridge Loan were disbursed on January 31, 2014. The Bridge Loan is secured by the Corporation's assets, bears interest at the rate of 12.68% per annum and matures on April 30, 2014. The Corporation has the option to repay the Bridge Loan at any time but must use the proceeds from the sale of any assets in excess of $250,000 or any financing in excess of $3,000,000 to repay the Bridge loan. The use of the cash received pursuant to the Bridge Loan is restricted. The Bridge Loan shall only be used to fund (i) the building of a demonstration plant and (ii) for general corporate purposes.

Government assistance

As part of the Contribution Agreement, the Corporation received on March 27, 2014, $2,219,429 from SDTC corresponding to the eligible activities to be incurred from January 1, 2014 to September 30, 2014.

ACCOUNTING POLICY CHANGES, CRITICAL ACCOUNTING 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, 2013 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 13 to the annual consolidated financial statements for the years ended December 31, 2013 and 2012.

RISKS AND UNCERTAINTIES

The technology is new and the Corporation has limited history of operations that, to date has consisted primarily of research and development. The Corporation has generated no revenue from its technology and does not have experience in selling or marketing the technology. The technology has not gained significant market exposure or demonstrable market acceptance as yet. Whether the Corporation can successfully manage the transition to a commercial enterprise will depend upon a number of factors, including expanding the sales and marketing capabilities, as well as establishing relationships with strategic partners. Given the absence of clear market acceptance with respect to this line of products, there can be no assurance as to the achievability of projected market penetration rates and associated sales revenues.

There has been no independent evaluation of the Process.

While the Corporation's research with respect to the technology has, in the opinion of management, been validated in various applications and while various third parties (without limitation Dundee Precious Metals and Creso) have carried out due diligence procedures to their satisfaction, there has been no independent evaluation of the Process. There can be no assurance that we will be able to achieve our growth strategy and bring the Process to commercialization. Our inability to bring the process to commercialization will have a material adverse effect on our operations.

Intellectual Property

The Corporation relies on patent, trade secret, trademark and copyright laws to protect its intellectual property. The patents to which the Corporation currently has rights expire between 2022 and 2026. The Corporation's present or future-issued patents may not protect the Corporation's technological leadership, and the Corporation's patent portfolio may not continue to grow at the same rate as it has in the past. Moreover, the Corporation's patent position is subject to complex factual and legal issues that may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. Accordingly, there is no assurance that: (a) any of the patents owned by the Corporation will not be invalidated, circumvented, challenged, rendered unenforceable; or (b) any of the Corporation's pending or future patent applications will be issued with the breadth of claim coverage sought by the Corporation, if issued at all. In addition, effective patent, trade secret, trademark and copyright protection may be unavailable, limited or not applied for in certain countries.

The Corporation also seeks to protect its proprietary intellectual property, including intellectual property that may not be patented or patentable, in part by confidentiality agreements and, if applicable, inventors' rights agreements with strategic partners and employees. The Corporation can provide no assurance that these agreements will not be breached, that the Corporation will have adequate remedies for any breach, or that such persons or institutions will not assert rights to intellectual property arising out of these relationships.

Management does not believe the processes infringing on the proprietary rights of third parties. There can be no assurance, however, that third parties will not claim such infringement by the Corporation with respect to current or future products or processes. Dealing with any such claims, with or without merit, could be time consuming, result in costly litigation, or require the Corporation to enter into further royalty or licensing agreements, which may or may not be available on terms acceptable to the Corporation. The failure to do any of the foregoing may have a material adverse effect on the Corporation.

Competition

The Corporation competes with other companies to develop products and services designed to extract precious and base metals. Many of these other companies have substantially greater technical and financial resources than we do. There can be no assurance that developments by others will not materially adversely affect the competitiveness of the Corporation.

The mining industry is characterized by extensive research efforts and is going through a period of rapid technological change. Competition can be expected to increase as technological advances are made and commercial applications for extraction products and services increase. Competitors of the Corporation may use different technologies or approaches to develop products and services similar to products and services which the Corporation is seeking to develop, or may develop new or enhanced products and services that may be more effective, less expensive, safer or more readily available before the Companies obtain approval of their products and services. There can be no assurance that the Corporation's products and services will compete successfully or that research and development will not render the Companies' products and services obsolete or uneconomical.

Impact of unfavourable economic and political conditions and other developments and risks.

Unfavourable global, domestic or regional economic or political conditions and other developments and risks could negatively affect the Corporation's business. For example, unfavourable changes related to interest rates, rates of economic growth, fiscal and monetary policies of governments, inflation, deflation, consumer credit availability, consumer debt levels, tax rates and policy, unemployment trends, commodity prices, oil prices, and other matters that influence, confidence and spending could adversely impact our business and results of operations. In addition, unstable political conditions or civil unrest, including terrorist activities and worldwide military and domestic disturbances and conflicts, may disrupt commerce and could have a material adverse effect on our business and results of operations.

Key personnel

The Corporation's management team of seasoned and committed industry veterans has achieved success in developing the Corporation's business. The Corporation's continued success and the execution of its growth strategy will depend, in part, on the continued service of this management team.

The Corporation's management team is composed of a relatively small group of senior executive officers. The loss of the technical knowledge, management expertise and knowledge of the Corporation's operations of one or more members of the team could result in a diversion of management resources, as the remaining members of management would need to cover the duties of any senior executive who leaves the Corporation and would need to spend time usually reserved for managing the Corporation's business to search for, hire and train new members of management. The loss of some or all of the Corporation's management team could negatively affect the Corporation's ability to develop and pursue its growth strategy, which could adversely affect its business and financial condition.

In addition, the market for key personnel in the industry in which the Corporation competes is highly competitive, and the Corporation may not be able to attract and retain key personnel with the skills and expertise necessary to manage its business.

Ability to attract and retain quality employees.

The Corporation's business is dependent upon attracting and retaining quality employees. If the Corporation were unable to hire, train and retain employees capable of developing the technology, the Corporation may not be able to maintain its competitive strength and realize on its growth strategy. The Corporation may be unable to commercialize its technology.

The Corporation's ability to meet its labour needs while controlling the costs associated with hiring and training new employees is subject to external factors such as unemployment levels, prevailing wage rates, minimum wage legislation and changing demographics. Changes that adversely impact the Corporation's ability to attract and retain quality employees could adversely affect its business.

Material disruption in computer systems

The Corporation relies extensively on its computer systems to process transactions, collect and summarize data and manage its business. Computer systems are subject to damage or interruption from power outages, computer and telecommunications failures, computer viruses, security breaches, catastrophic events such as fires, floods, earthquakes, tornadoes, hurricanes, acts of war or terrorism, and usage errors by our employees. If the Corporation's computer systems are damaged or cease to function properly, the Corporation may have to make a significant investment to fix or replace them, and may suffer loss of critical data and interruptions or delays in operations in the interim. Any material interruption in the computer systems could adversely affect the Corporation's business or results of operations and reputation.

Regulations

The Corporation is subject to customs, environmental and other laws. Although the Corporation undertakes to monitor changes in these laws, if these laws change without the Corporation's knowledge, it could be subject to fines or other penalties under the controlling regulations, any of which could adversely affect its business.

Insurance related risks.

The Corporation maintains directors and officers insurance, liability insurance, and property insurance. However, there is no guarantee that the insurance coverage will be sufficient, or that insurance proceeds will be timely paid to the Corporation. In addition, there are types of losses we may incur but against which the Corporation cannot be insured or which management believes are not economically reasonable to insure, such as losses due to acts of war and certain natural disasters. If the Corporation incurs these losses and they are material, the Corporation's business, operating results and financial condition may be adversely affected. Also, certain material events may result in sizable losses for the insurance industry and materially adversely impact the availability of adequate insurance coverage or result in significant premium increases. Accordingly, the Corporation may elect to self-insure, accept higher deductibles or reduce the coverage.
Environment

The Corporation could be liable for environmental damages resulting from it research, development operations.

The Corporation's business is exposed to the risk of harmful substances escaping into the environment, resulting in personal injury or loss of life, damage to or destruction of property, and natural resource damage. Depending on the nature of the claim, the Corporation's current insurance policies may not adequately reimburse us for costs incurred in settling environmental damage claims, and in some instances, we may not be reimbursed at all.

Credit risk

Credit risk is the risk that a loss will occur from the failure of another party to perform according to the terms of the contract. The Corporation's credit risk is primarily attributable to cash and cash equivalents, other receivables and promissory note receivable. Cash and cash equivalents are held mainly with Canadian chartered banks, which reduces the risks. The promissory note receivable and the other receivables are with Creso and with Maya Gold & Silver Inc. ("Maya"), and are within normal terms of payment. The Corporation had $806,879 of receivables from Creso and $46,045 from Maya as at December 31, 2013. Creso and Maya are exploration and evaluation stage junior mining companies with no income from operating activities and for which there are material uncertainties on their ability to continue as a going concern. There are no significant amounts that are past due as at December 31, 2013. On April 1, 2014, the Amalgamation became effective and the Corporation, indirectly, acquired all of the issued and outstanding common shares of Creso, which it didn't already own. Refer to the Subsequent Events after December 31, 2013 section, for more details on the amalgamation transaction with Creso. Amount receivable from Maya is continually monitored to ensure their collection.

Commodity risk

Commodity price risk is the potential adverse impact on earnings and economic value due to commodity price movements and volatilities. The price of gold and precious metals may affect the profitability of the Corporation. Historically, such prices have fluctuated and are affected by numerous factors outside of the Corporation's control, including, but not limited to: industrial and retail demand, central bank lending, forward sales by producers and speculators, levels of worldwide production, short-term changes in supply and demand because of speculative hedging activities and other factors such as significant mine closures.

Going concern

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through to December 31, 2014. 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. Although there is no assurance that the Corporation will be successful in these actions, management is confident that it will be able to secure the necessary financing through the issuance of new equity. While it has been successful in doing so in the past, there can be no assurance it will be able to do so in the future.

Although the referenced consolidated financial statements have been prepared using 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.

The referenced 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.

April 25, 2014

(s) Pierre Gauthier
Pierre Gauthier
President and CEO

(s) Vatche Tchakmakian
Vatche Tchakmakian
CFO