Dundee Sustainable Technologies Inc.

(Formerly known as Nichromet Extraction Inc.)

Condensed Interim Consolidated Financial Statements
(Unaudited)

As at and for the three months ended March 31, 2014
(Expressed in Canadian dollars)

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

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Dundee Sustainable Technologies Inc.
Interim Consolidated Statements of Financial Position
(Unaudited)

	Note	As at March 31, 2014	As at December 31, 2013
		$	$
Assets			
Current assets			
Cash and cash equivalents		4,397,002	1,274,869
Research and development tax credits receivable		261,700	246,069
Sales taxes and other receivables		773,950	634,913
Promissory notes receivable	4	700,000	700,000
Prepaid expenses and advances to suppliers		219,415	49,200
		6,352,067	2,905,051
Non-current assets			
Investments	5	3,920,240	2,770,654
Property, plant and equipment		51,399	54,916
Intangible assets	6	4,615,312	4,616,937
Other assets		284,121	157,881
		8,871,072	7,600,388
Total assets		**15,223,139**	**10,505,439**
Liabilities and Equity			
Current liabilities			
Accounts payable and accrued liabilities		1,869,709	534,924
Deferred contribution from SDTC	7	1,638,409	-
Short-term loan with a related party	8	3,000,000	-
Total liabilities		6,508,118	534,924
Equity			
Share capital	9	29,889,629	29,889,629
Contributed surplus		7,054,955	7,054,955
Deficit		(28,229,563)	(26,974,069)
Total equity		8,715,021	9,970,515
Total liabilities and equity		**15,223,139**	**10,505,439**
Going concern	1		
Commitments	12		
Subsequent events	15		

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

Dundee Sustainable Technologies Inc.

Interim Consolidated Statements of Comprehensive Loss
(Unaudited)
Three months ended March 31, 2014 and 2013
(Expressed in Canadian dollars, except number of shares)

	Note	2014	2013
		$	$
Expenses			
Research and development, net of tax credit of $115,381 (2013 - nil) and STDC contribution of $581,020 (2013 – nil)	7	1,828,528	594,131
Professional and consulting fees		316,391	237,659
Wages and compensation		149,891	69,219
Administrative		73,719	75,201
Share-based payments	10	-	104,589
Depreciation of property, plant and equipment		1,167	560
Amortization of intangible assets		1,625	794
Total expenses		2,371,321	1,082,153
Operating loss		(2,371,321)	(1,082,153)
Gain on investments	5	1,149,586	-
Interest income		21,904	1,311
Interest expense		(61,489)	-
Gain (loss) on foreign currency exchange		5,826	(123)
Net loss and comprehensive loss		**1,255,494**	**1,080,965**
Basic and diluted net loss per share		(0.01)	(0.01)
Weighted average number of common shares outstanding – basic and diluted		214,928,724	151,888,598
Going concern	1		

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

Dundee Sustainable Technologies Inc.

Interim Consolidated Statements of Changes in Equity
(Unaudited)
Three months ended March 31, 2014 and 2013
(Expressed in Canadian dollars, except number of shares)

	Note	Common shares	Share capital	Multiple voting shares		Subordinated voting shares		Contributed surplus	Deficit	Total equity
		Number	$	Number	$	Number	$	$	$	$
Balance – December 31, 2013		**214,928,724**	**29,889,629**	**-**	**-**	**-**	**-**	**7,054,955**	**(26,974,069)**	**9,970,515**
Capital Reorganization	9	(214,928,724)	(29,889,629)	50,000,000	3,963,875	164,928,724	25,925,754	-	-	-
Net loss and comprehensive loss for the period		-	-	-	-	-	-	-	(1,255,494)	(1,255,494)
Balance – March 31, 2014		**-**	**-**	**50,000,000**	**3,963,875**	**164,928,724**	**25,925,754**	**7,054,955**	**(28,229,563)**	**8,715,021**

	Note	Number of common shares	Share capital	Contributed surplus	Deficit	Total equity
			$	$	$	$
Balance – December 31, 2012		**147,614,214**	**23,573,018**	**5,513,049**	**(22,987,666)**	**6,098,401**
Net loss and comprehensive loss for the period		-	-	-	(1,080,965)	(1,080,965)
Exercise of warrants	8	4,875,000	1,134,204	(159,204)	-	975,000
Exercise of options	9	300,000	50,696	(20,696)	-	30,000
Share-based compensation	9	-	-	104,588	-	104,588
Balance – March 31, 2013		**152,789,214**	**24,757,918**	**5,437,737**	**(24,068,631)**	**6,127,024**

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

Dundee Sustainable Technologies Inc.
Interim Consolidated Statements of Cash Flows
(Unaudited)
Three months ended March 31, 2014 and 2013
(Expressed in Canadian dollars)

	Note	2014	2013
		$	$
Operating activities			
Net loss for the period		(1,255,494)	(1,080,965)
Adjusted for:			
Share-based payments	10	-	104,589
Gain on investments	5	(1,149,586)	-
Contribution from SDTC received in excess of amount recognized		1,638,409	-
Depreciation of property, plant and equipment		1,167	560
Depreciation of property, plant and equipment included in research and development		2,350	-
Amortization of intangible assets	6	1,625	794
		(761,529)	(975,022)
Changes in non-cash operating working capital items:			
Research and development tax credits receivable		(15,631)	(89)
Sales taxes and other receivables		(139,037)	(46,377)
Prepaid expenses and advances to suppliers		(170,215)	(51,298)
Accounts payable and accrued liabilities		1,353,098	18,989
		1,028,215	(78,775)
Net cash provided by (used in) operating activities		**266,686**	**(1,053,797)**
Investing activities			
Acquisition of intangible assets		-	(9,809)
Acquisition of property, plant and equipment		-	(8,574)
Addition to other assets		(144,553)	-
Net cash used in investing activities		**(144,553)**	**(18,383)**
Financing activities			
Exercise of warrants	9	-	975,000
Exercise of options		-	30,000
Short term loan	8	3,000,000	-
Net cash provided by financing activities		**3,000,000**	**1,005,000**
Net change in cash and cash equivalents		3,122,133	(67,180)
Cash and cash equivalents – beginning of period		1,274,869	1,376,903
Cash and cash equivalents – end of period		**4,397,002**	**1,309,723**
Components of cash and cash equivalents are as follows:			
Cash		1,897,002	609,723
Cash equivalents		2,500,000	700,000
Supplemental information			
Amount of additions to other assets included in accounts payable and accrued liabilities		74,000	-
Going concern	1		

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

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. Its articles of incorporation were amended on January 8, 2014, 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. The Corporation's head office is located at 600 De Maisonneuve Boulevard West, Suite 2750, Montreal, Quebec, Canada, H3A 3J2.

The Corporation has developed metallurgical processes based on a chloride leach technology. It is 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 is very broad and can involve either oxide or sulfide ores and allows the recovery of nickel/cobalt from oxide type ores such as serpentine, laterites and other siliceous metal bearing ores. It also allows the extraction of precious metals from refractory ores with content of sulfides and arsenic.

These technologies are subject to all risks inherent to their development and may require significant additional development, testing and investments prior to any final commercialization. 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 reasonable costs or be successfully marketed. To date, the Corporation has not earned significant revenues and is considered to be in the development stage. At March 31, 2014, Dundee Corporation ("Dundee") was the principal and majority shareholder of the Corporation.

For the three months ended March 31, 2014, the Corporation incurred a loss of $1,255,494 ($3,986,403 for the year ended December 31, 2013). Deficit as at March 31, 2014 amounted to $28,229,563 ($26,974,069 as at December 31, 2013) and cash flow provided by operating activities for the three months ended March 31, 2014, amounted to $266,686 ($5,726,082 used in operating activities for the year ended December 31, 2013).

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through to March 31, 2015. 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 these unaudited 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 unaudited 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.

2. BASIS OF PRESENTATION

These unaudited condensed interim consolidated financial statements of the Corporation as at and for the three months ended March 31, 2014 ("March 2014 Interim Consolidated Financial Statements") have been prepared in accordance with International Financial Reporting Standards ("IFRS") as issued by the International Accounting Standards Board ("IASB"), and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting, as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "*Interim Financial Reporting*". The March 2014 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, 2013 ("2013 Audited Consolidated Financial Statements") which were prepared in accordance with IFRS as applicable for annual financial statements. The March 2014 Interim Consolidated Financial Statements were authorized for issuance by the Board of Directors on May 26, 2014.

The March 2014 Interim Consolidated Financial Statements follow the same accounting principles and methods of application as those disclosed in Note 2 to the 2013 Audited Consolidated Financial Statements, except as described below.

Changes in Accounting Policies Implemented During the Three Months Ended March 31, 2014

The Corporation has adopted the following new and revised accounting standards, including any consequential amendments thereto, effective January 1, 2014. Changes in accounting policies adopted by the Corporation were made in accordance with the applicable transitional provisions as provided in those standards and amendments.

IAS 32, "Financial Instruments: Presentation"

On January 1, 2014, the Corporation implemented certain amendments to IAS 32 which require the Corporation to provide clarification on the requirements for offsetting financial assets and financial liabilities on the statement of financial position. The implementation of amendments to IAS 32 had no impact to the Corporation's March 2014 Interim Consolidated Financial Statements.

IAS 36, "Impairment of Assets"

On January 1, 2014, the Corporation implemented certain amendments to IAS 36 which require that the Corporation disclose, if appropriate, the recoverable amount of an asset or cash generating unit, and the basis for the determination of fair value less costs of disposal or value-in-use of the asset, when an impairment loss is recognized or when an impairment loss is subsequently reversed. The implementation of amendments to IAS 36 had no impact to the Corporation's March 2014 Interim Consolidated Financial Statements.

IFRIC 21, "Levies"

On January 1, 2014, the Corporation implemented IFRIC 21 which provides an interpretation on IAS 37, "Provisions, Contingent Liabilities and Contingent Assets", with respect to the accounting for levies imposed by governments. IAS 37 sets out criteria for the recognition of a liability, one of which is the requirement for the entity to have a present obligation as a result of a past event. The interpretation clarifies that the obligating event is the activity described in the relevant legislation that triggers the payment of the levy. The implementation of IFRIC 21 had no impact to the Corporation's March 2014 Interim Consolidated Financial Statements.

(Expressed in Canadian dollars)

2. BASIS OF PRESENTATION (CONT'D)

Accounting Standards Interpretations and Amendments to Existing Standards not yet Effective

There have been no new accounting standards, interpretations and amendments that were issued by IASB but not yet applied by the Corporation.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the March 2014 Interim Consolidated Financial Statements 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, revenues and other items in net earnings, 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 historical experience and on various other assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of revenues and other items in net earnings 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 the March 2014 Interim Consolidated Financial Statements from those judgments, estimates and assumptions disclosed in Note 3 to the 2013 Audited Consolidated Financial Statements.

4. PROMISSORY NOTES RECEIVABLE

A promissory note (the "Promissory Note") in the principal amount of $500,000 is receivable from Creso Exploration Inc. ("Creso"), according to an agreement dated July 10, 2013. The unsecured note is due on July 10, 2014 and bears an annual interest rate of 6% payable at maturity. On December 20, 2013, the Corporation loaned $200,000 to Creso which loan has been made upon the same terms and conditions under the Promissory Note. Also refer to Note 9, share capital and Note 15, subsequent events, for further details on the amalgamation transaction (the "Amalgamation") with Creso.

5. INVESTMENTS

The Corporation's investments are classified as financial assets at fair value through profit or loss.

	March 31,	
	2014	**2013**
	$	$
Publicly traded securities		
Balance – beginning	2,274,585	-
Acquisition through issuance of shares	-	-
Change in fair value	890,055	-
Balance – end	3,164,640	-
Warrants		
Balance – beginning	496,069	-
Acquisition through issuance of shares	-	-
Change in fair value	259,531	-
Balance – end	755,600	-
	3,920,240	**-**

(Expressed in Canadian dollars)

5. INVESTMENTS (CONT'D)

Gains on investments	**As at March 31, 2014**		**As at March 31, 2013**	
	Cost	**Market Value**	**Cost**	**Market Value**
	$	$	$	$
Publicly traded securities	593,370	3,164,640	-	-
Warrants	51,100	755,600	-	-
	644,470	**3,920,240**	**-**	**-**

	Three months ended March 31,			
Gains on investments	**2014**		**2013**	
	Realized	**Unrealized**	**Realized**	**Unrealized**
	$	$	$	$
Publicly traded securities	-	890,055	-	-
Warrants	-	259,531	-	-
	-	**1,149,586**	**-**	**-**

On July 9, 2013, Dundee and a company controlled by an executive of 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.

The fair value of Creso common shares, at the acquisition date, was determined using the quoted market price of Creso shares on the TSX Venture Exchange. The fair value of Creso warrants, at the acquisition date, was determined using the Black-Scholes option pricing model using the following assumptions: dividend yield of 0%, estimated volatility of 112.2%, risk-free interest rate of 1.17%, and using a weighted expected life of 1.23 years.

The fair value of Creso common shares, as at March 31, 2014, was determined using the quoted market price of Creso shares on the Canadian Securities Exchange.

The fair value of Creso warrants, as at March 31, 2014, that expire on July 9, 2014 was determined using the Black-Scholes option pricing model using the following assumptions: stock price of 0.16$, dividend yield of 0%, estimated volatility of 130%, risk-free interest rate of 1.1%, and a weighted expected life of 0.27 years.

The fair value of Creso warrants, as at March 31, 2014, that expire on December 21, 2014 was determined using the Black-Scholes option pricing model using the following assumptions: stock price of 0.16$, dividend yield of 0%, estimated volatility of 125%, risk-free interest rate of 1.1%, and a weighted expected life of 0.73 years.

Also, refer to Note 9, share capital and Note 15, subsequent events, for more details on the amalgamation transaction with Creso.

(Expressed in Canadian dollars)

6. INTANGIBLE ASSETS

	As at December 31, 2013	Additions	Amortization	As at March31, 31, 2014
	$	$	$	$
Intellectual properties – Oxide	605,000	-	-	605,000
Patent application fees – Oxide	129,474	-	-	129,474
Software	3,124	-	(1,625)	1,499
Development cost – Oxide	5,809,233	-	-	5,809,233
Less: SR&ED tax credit	(1,929,894)	-	-	(1,929,894)
	4,616,937	**-**	**(1,625)**	**4,615,312**

7. GOVERNMENT ASSISTANCE

In June 2013, the Corporation entered into a Contribution Agreement with the Sustainable Development Technology Canada Foundation (“SDTC”). Upon meeting certain conditions, the SDTC agreed to financially assist the Corporation in developing and demonstrating its chloride leach technology. Under the terms of the agreement, the SDTC will contribute up to the lesser of 25.30% of eligible project costs or $5,000,000.

As part of the Contribution Agreement, the Corporation received, from SDTC:

Date received	$	Eligible activities to be incurred
July 17, 2013	656,543	June 1, 2013 to December 31, 2013
March 27, 2014	2,219,429	January 1, 2014 to September 30, 2014
	2,875,972	

	Three months ended March 31, 2014	2013
	$	$
Balance – beginning	-	-
SDTC grant received	2,219,429	-
Reclassification of deferred contribution through profit or loss as per eligible expenditures incurred during the period	(581,020)	-
Balance – end	1,638,409	-

For further details, also refer to Note 12, commitments.

8. SHORT-TERM 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 Bridge Loan shall only be used to fund (i) the building of a demonstration plant and (ii) for general corporate purposes.

Also, refer to Note 15, subsequent events, for the extension of the maturity date.

(Expressed in Canadian dollars)

9. SHARE CAPITAL

9.1 Authorized

On March 31, 2014, 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.

9.2 Reorganization and Amalgamation

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 November 14, 2013, the Board of directors also approved the management proxy circular in connection with a special meeting of the shareholders of the Corporation to be held on December 5, 2013 (the "Meeting"). At the Meeting the shareholders of the Corporation approved, amongst other, the Capital Reorganization.

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

On November 22, 2013, the Corporation and a wholly-owned subsidiary of the Corporation ("Subco") entered into a merger agreement with Creso pursuant to which Creso and Subco will amalgamate and the amalgamated company will become a wholly-owned subsidiary of the Corporation. On February 28, 2014, Creso shareholders approved the Amalgamation. On April 1, 2014, the Amalgamation became effective. Refer to Note 15, subsequent events, for further details on the amalgamation transaction with Creso.

9.3 Warrants

Changes in the Corporation's outstanding common share purchase warrants were as follows:

	Three months ended March 31,			
	2014		2013	
	Number of warrants	Carrying amount	Number of warrants	Carrying amount
		$		$
Balance – beginning	50,000,000	1,036,125	10,535,000	311,852
Exercised	-	-	(4,875,000)	(179,900)
Balance – end	**50,000,000**	**1,036,125**	**5,660,000**	**131,952**

(Expressed in Canadian dollars)

9. SHARE CAPITAL (CONT'D)

The weighted average exercise price was $0.20 per share.

A summary of outstanding warrants entitling their holders to subscribe for an equivalent number of common shares, as at March 31, 2014, is as follows:

Number of warrants	Exercise price	Expiry date
	$	
50,000,000	0.10	July 9, 2015

10. STOCK OPTION PLAN

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

	Three months ended March 31,			
	2014		2013	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance - beginning	21,425,000	0.12	8,625,000	**0.13**
Awarded	-	-	700,000	**0.20**
Exercised	-	-	(300,000)	**0.10**
Balance – end	**21,425,000**	**0.12**	**9,025,000**	**0.14**

As at March 31, 2014, outstanding and exercisable options are as follows:

Number of options	Exercise price	Expiry date
	$	
100,000	0.10	November 7, 2014
300,000	0.10	October 18, 2015
5,350,000	0.10	June 8, 2016
600,000	0.20	February 6, 2018
100,000	0.20	March 22, 2018
12,550,000	0.10	December 12, 2018
2,425,000	0.20	November 27, 2022
21,425,000		

The residual weighted average contractual term of outstanding options was 4.44 years as at March 31, 2014 (December 31, 2013 - 4.68 years).

(Expressed in Canadian dollars)

11. RELATED PARTY TRANSACTIONS

Details of related party transactions not otherwise disclosed in these condensed interim consolidated financial statements are as follows:

	Three months ended March 31,	
	2014	**2013**
	$	$
A director or a corporation held by directors		
Professional and consulting fees	132,440	107,070
Officers		
Professional fees	114,883	42,668
	247,323	149,738

Compensation of key management

Key management includes directors and officers. The compensation paid or payable to key management is presented below:

	Three months ended March 31,	
	2014	**2013**
	$	$
Officers and directors' professional fees	247,323	149,738
Share-based payments	-	-
	247,323	149,738

12. COMMITMENTS

12.1 Construction of a $27 million demonstration plant

In connection with the agreement reached with the SDTC, the Corporation had to file consortium agreements with third parties regarding the global financing of a demonstration plant and the procurement of mineral concentrates. As of June 1, 2013, consortium agreements were signed with Creso and Dundee Precious Metals, a company controlled by Dundee. Dundee had earlier confirmed to the SDTC its intention to arrange the required financing of the construction of the demonstration plan from its own or from third parties.

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.

Of the $27 million demonstration plant projected budget, the Corporation has spent in total $5,439,906 from which a total of $3,077,533 was incurred in 2013 and the difference of $2,362,373 was incurred in 2014 and included in our interim Consolidated Statements of Comprehensive Loss in the Research and development line item. As at March 31, 2014, the Corporation has a firm purchasing commitment for $2,044,505 towards equipment and services relating to the demonstration plant.

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.

(Expressed in Canadian dollars)

12. COMMITMENTS (CONT'D)

12.2 Lease payments

There were no substantive changes to the description and nature of the Corporation's lease commitment from those described in Note 12 to the Corporation's 2013 Audited Consolidated Financial Statements.

13. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The following table provides information about financial assets and liabilities measured at market value in the Corporation's statement of financial position and categorized by level according to the significance of the inputs used in making the measurements:

			As at March 31, 2014	
	Level 1	**Level 2**	**Level 3**	**Total**
	$	$	$	$
Securities	3,164,640	-	-	3,164,640
Warrants	-	755,600	-	755,600
	3,164,640	755,600	-	3,920,240

Level 1: Quoted prices in active markets for identical assets.
Level 2: For the warrants, the fair value is determined using a Black and Scholes option pricing model.
Level 3: Significant unobservable inputs.

A detailed description of the Corporation's financial assets and financial liabilities and its associated risk management in respect thereof are provided in Note 13 to the 2013 Audited Consolidated Financial Statements. There have been no significant changes in the business and economic circumstances and the related financial risks that affect the fair value of the Corporation's financial assets and financial liabilities since December 31, 2013.

14 POLICIES AND PROCESS TO MANAGE CAPITAL

The capital of the Corporation consists of items included in shareholder's equity totalling $8,715,021 as at March 31, 2014. The Corporation's objective when managing capital is to safeguard its ability to continue its operations and advance the development of its technologies. As needed, it raises funds through private placements. The Corporation does not use long-term debt since it does not generate operating revenues. It has no dividend policy.

The Corporation does not have any externally imposed capital requirements from regulatory or contractual requirements to which it is subject. Changes in capital for the three-month period ended March 31, 2014 and 2013 are described in the interim Consolidated Statements of Changes in Equity.

15 SUBSEQUENT EVENTS

15.1 Amalgamation

On February 28, 2014, Creso shareholders approved the Amalgamation with the Corporation. 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 Corporation) 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 Corporation. Accordingly, Dundee Corporation 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 under the symbol "DST" 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.

15.2 Short-term loan

Dundee agreed on April 30, 2014 to extend the maturity date of the Bridge Loan to September 30, 2014.