

# **Dundee Sustainable Technologies Inc.**

(Formerly known as Nichromet Extraction Inc.)

## Management's Discussion and Analysis

For the three months ended March 31, 2014

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

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FOR THE THREE MONTHS ENDED MARCH 31, 2014

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# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2014

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### BACKGROUND

This Management's Discussion and Analysis ("MD&A") has been prepared with an effective date of May 26, 2014 and provides an update on matters discussed in, and should be read in conjunction with the Corporation's audited consolidated financial statements, including the notes thereto, as at and for the year ended December 31, 2013 (the "2013 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, 2014 (the "March 2014 Interim Consolidated Financial Statements"), all of which have been prepared using International Financial Reporting Standards ("IFRS"). All amounts in this MD&A are in Canadian dollars unless otherwise specified.

### INCORPORATION AND NATURE OF OPERATIONS

#### Incorporation

Dundee Sustainable Technologies Inc. ("DST" or the "Corporation") was incorporated under the Canada Business Corporations Act on July 22, 1997. On January 8, 2014, the following amendments to the article of the Corporation became effective.

- 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.

#### Amalgamation

On November 22, 2013, the Corporation and a wholly-owned subsidiary of the Corporation ("Subco") entered into a merger agreement with Creso Exploration Inc. ("Creso") pursuant to which Creso and Subco will amalgamate (the "Amalgamation") and the amalgamated company will become a wholly-owned subsidiary of the Corporation. On April 1, 2014, the Amalgamation became effective.

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.

#### Nature of Operations

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. The principal and majority shareholder of the Corporation is Dundee Corporation and related parties (collectively, "Dundee").

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2014

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### 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" section.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2014

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### CORPORATE OVERVIEW (CONT'D)

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

January 1<sup>st</sup>, 2014 to date:

- As part of the Contribution Agreement, the Corporation received in March 2014, \$2.2 million from the Sustainable Development Technology Canada Foundation ("SDTC") corresponding to the eligible activities to be incurred from January 1, 2014 to September 30, 2014;
- Beginning of the construction of the demonstration plant including the following activities :
  - Completion of the structural engineering and building reinforcement;
  - Delivery of some of the major pieces of equipment such as scrubbers, filter, bag house, reactor, fluid bed, bucket elevator, holding tanks, feeding bins, pumps, etc.
  - Completion of the installation of the effluent treatment plant;
  - Completion of the installation of some of the plant services such as compressed air, chiller, process water holding tank.
- Preparation work on the start-up sequence of the plant for next fall and required labor. Resources have been dedicated to the preparation of operation procedures in prevision for training of future operators of the plant.
- Development work in the laboratory of the Corporation has been dedicated to the following aspects during this period:
  - Optimisation of the arsenic vitrification technology with flue dusts;
  - Optimisation of a process for recovering Zinc, Silver and Copper in a high arsenical material;
  - Development of a new technique for recovering silver in high grades ores;
  - Development and filing a patent for cost savings in the DST gold extraction process, by replacement of sodium by calcium;
  - Successful gold extraction from amalgamation tailings and in high grade material;
  - Copper recovery from a pyrite tailings by electrodeposition.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2014

### INFORMATION ON EQUITY

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 subordinated 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 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.

	<b>May 26, 2014</b>
Subordinated voting shares issued	228,894,201
Options	23,720,000
Warrants	62,356,566
<b>Total – fully diluted subordinated voting shares</b>	<b>314,970,767</b>
<b>Multiple voting shares issued (each multiple voting shares have 10 votes)</b>	<b>50,000,000</b>

(1) At May 26, 2014, Dundee owned 128,068,497 subordinated voting shares of the Corporation (56%), all of the outstanding multiple voting shares and 50,000,000 warrants at an exercise price of \$0.10 until July 9, 2015.

### 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.

### FINANCING ACTIVITIES

#### Short term loan

On January 8, 2014, Dundee agreed to loan \$3 million 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 million 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.

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

### INVESTING ACTIVITIES

The transaction costs incurred in connection with the Amalgamation with Creso are capitalized in the "Other Assets" line item and will be considered as part of the price paid on April 1, 2014.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2014

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### LIQUIDITY AND WORKING CAPITAL

On March 31, 2014, the working capital of the Corporation was at \$156,051 negative. This working capital includes a \$3 million short-term loan from Dundee with a maturity date on April 30, 2014. Dundee agreed on April 30, 2014 to extend the maturity date of the Bridge Loan to September 30, 2014.

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through to March 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 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 it will be able to do so in the future.

The Corporation is in discussion with Dundee for a financing in the near future to fund the building of the demonstration plant and ongoing working capital.

### 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. Consortium agreements were signed with Creso, Dundee Precious Metals and a privately held gold mining company for the procurement of mineral concentrates.

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 during the three months ended March 31, 2014 and included in our interim Consolidated Statements of Comprehensive Loss in the "Research and development" line item.

The Corporation reported a loss of \$1,255,494 during the three months ended March 31, 2014 versus a loss of \$1,080,965 in the same period of the prior year.

Following are the details of research and development:

	Three-month period ended March 31,	
	2014	2013
	\$	\$
Wages and compensation	335,246	238,479
Contractors	346,748	156,106
Building maintenance	302,766	95,191
Equipment	1,399,239	6,123
Consumables	82,298	58,127
Other	58,632	40,105
	<b>2,524,929</b>	<b>594,131</b>
SDTC contribution and tax credits	(696,401)	-
<b>Research and development expenses</b>	<b>1,828,528</b>	<b>594,131</b>

## DUNDEE SUSTAINABLE TECHNOLOGIES INC.

### MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2014

#### DISCUSSION AND ANALYSIS OF OPERATIONS (CONT'D)

Research and development expenses during the three months ended March 31, 2014 include \$2.4 million of costs for the demonstration plant. The remaining expenses relate to research activities conducted in the pilot plant. In the same period of the prior year, the expenses relate to research activities conducted in the pilot plant.

During the three months period ended March 31, 2014, SDTC contribution recognised through the Consolidated Statement of Comprehensive Loss amounted to \$581,020. The remaining balance of the tax credits is composed of the Quebec reimbursable scientific research and experimental development credits.

Following are the details of professional and consulting fees:

	Three months ended March 31,	
	2014	2013
	\$	\$
Legal	59,584	47,766
Audit	68,500	75,349
Accounting	41,312	-
Consulting administration	49,236	54,320
Professional fees	60,028	34,173
Consulting geology	37,731	26,051
<b>Professional and consulting fees</b>	<b>316,391</b>	<b>237,659</b>

Legal fees include corporate secretarial services and other legal fees. The increase in Q1-2014 is mainly due to the listing of the Corporation on the CSE.

Accounting: In Q1-2014, remuneration of the newly appointed Chief Financial Officer is paid to a private company controlled by him. In addition his company charges fees for support staff in respect of accounting, bookkeeping and administration fees. In Q1-2013, the Controller of the Corporation was on the payroll. His employment was terminated in Q1-2014.

Consulting administration fees are fees and expenses paid to a company controlled by the Chairman, CEO and President of the Corporation.

Professional fees consist of business development activities in Guatemala and also include certain audit related fees and tax compliance services. The variance is due to tax compliance services performed in Q1-2014 regarding R&D credit claims.

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 Central America.

Following are the details of the administrative expenses:

	Three months ended March 31,	
	2014	2013
	\$	\$
Insurance	22,655	22,578
Rent	17,789	18,149
Website and technical support	8,382	14,792
Transportation	11,652	7,734
Others	13,241	11,948
<b>Administrative expenses</b>	<b>73,719</b>	<b>75,201</b>

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2014

### DISCUSSION AND ANALYSIS OF OPERATIONS (CONT'D)

The total share-based payment expense totalled \$nil in Q1-2014 as compared to \$104,589 in Q1-2013. The Corporation granted a total of 700,000 stock options to its employees in Q1-2013. Options vested at the grant date.

Interest income is mainly from the Creso promissory note in the principle amount of \$700,000 while the interest expense relates to the \$3 million Dundee Bridge Loan.

In addition, an unrealized gain of \$1,149,586 (Nil in Q1-2013) was recorded in Q1-2014 on the investment in Creso.

### 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.

	Q1-14	Q4-13	Q3-13	Q2-13
		\$	\$	\$
Total revenue	Nil	Nil	Nil	Nil
Net loss and comprehensive loss	1,255,494	1,170,277	948,613	786,548
Basic and diluted net loss per share	0.01	0.005	0.005	0.005

	Q1-13	Q4-12	Q3-12	Q2-12
	\$	\$	\$	\$
Total revenue	Nil	Nil	Nil	Nil
Net loss and comprehensive loss	1,080,965	1,596,903	505,831	780,032
Basic and diluted net loss per share	0.007	0.011	0.004	0.006

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 \$1.1 million, \$1.8 million and \$0.3 million was recorded in Q1-2014, Q4-2013 and Q3-2013 respectively on the investment in Creso.

### OFF BALANCE SHEET ARRANGEMENTS

The Corporation did not enter into any off-balance sheet arrangements in Q1-2014 and 2013.

### CONTRACTUAL OBLIGATIONS AND COMMITMENTS

At March 31, 2014, the Corporation has firm purchasing commitments of equipment and services relating to the demonstration plant totalling \$2 million.

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

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2014

### 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:

	Three months ended	
	March 31,	
	2014	2013
	\$	\$
Professional and consulting fees		
Administration <sup>(1)</sup>	45,000	45,000
Legal <sup>(2)</sup>	52,609	29,062
Accounting fees <sup>(3)</sup>	11,988	-
Geology <sup>(4)</sup>	28,846	21,750
Professional <sup>(5)</sup>	28,520	13,606
Research and development <sup>(6)</sup>	80,360	40,320
Share-based expenses	-	-
	<b>247,323</b>	<b>149,738</b>

- (1) Fees paid to a private company controlled by Pierre Gauthier, Chairman, President and Chief Executive Officer.
- (2) Fees paid to a private company controlled by Luce Saint-Pierre, Corporate Secretary for a total amount of \$39,375 (\$29,062 in Q1-2013) and an amount of \$13,234 (\$nil in Q1-2013) paid to a law firm of which a director is a counsel for legal services.
- (3) Starting in March 2014, remuneration of Vatche Tchakmakian, the newly appointed Chief Financial Officer, in the amount of \$11,988 paid to a private company controlled by him.
- (4) 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 Central America;
- (5) Fees paid to the General Manager of Nichromet Guatemala for business development in Guatemala.
- (6) 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.

### SUBSEQUENT EVENTS AFTER MARCH 31, 2014

#### 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) 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 will exercise voting rights in respect of an aggregate of 86.2% of the issued and outstanding voting securities of Dundee Sustainable Technologies Inc.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE MONTHS ENDED MARCH 31, 2014

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### SUBSEQUENT EVENTS AFTER MARCH 31, 2014 (CONT'D)

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.

#### Short-term loan

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

### ACCOUNTING POLICY AND CRITICAL ACCOUNTING ESTIMATES

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.

Other than as disclosed in note 2 to the March 2014 Interim Consolidated Financial Statements, there have been no changes in the accounting policies adopted in the preparation of the Corporation's March 2014 Interim Consolidated Financial Statements from those detailed in note 2 to the Corporation's 2013 Audited Consolidated Financial Statements. The changes in accounting policies adopted during the first quarter of 2014 did not have a material impact to the March 2014 Interim Consolidated Financial Statements.

### 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 the 2013 Audited Consolidated Financial Statements.

### 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 as described in the Corporation's 2013 MDA under "Risk and Uncertainties" which is available on SEDAR at [www.sedar.com](http://www.sedar.com). These business risks should be considered by interested parties when evaluating the Corporation's performance and its outlook.

# **DUNDEE SUSTAINABLE TECHNOLOGIES INC.**

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

FOR THE THREE MONTHS ENDED MARCH 31, 2014

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### **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 2014 and beyond, and strategies or further actions with respect to the Corporation, its products and services, business operations, financial performance and condition. Forward looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions concerning matters that are not historical facts. Such statements are based on current expectations of the Corporation's management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and those affecting the 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 entitled "Risks and Uncertainties" in the Corporation's 2013 MDA. 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.

### **INFORMATION CONCERNING DUNDEE SUSTAINABLE TECHNOLOGIES**

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).

Montreal, Quebec  
May 26, 2014