Dundee Sustainable Technologies Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)

As at and for the nine months ended September 30, 2016
(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.

1002 Sherbrooke Street West, Suite 2060, Montréal, QC, H3A 3L6
Tel.: 514.866.6001 Fax: 514.866.6193

Dundee Sustainable Technologies Inc.

Interim Consolidated Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	Note	As at September 30, 2016	As at December 31, 2015
		$	$
Assets			
Current assets			
Cash		525,829	1,679,490
Accounts receivable		33,584	-
Research and development tax credits		18,239	66,275
Sales taxes receivable		50,612	164,197
Other assets	4	816,524	47,235
Prepaid expenses and advances to suppliers		79,303	263,134
		1,524,091	2,220,331
Non-current assets			
Property, plant and equipment	5	21,150	29,469
Intangible assets		4,613,813	4,613,813
		4,634,963	4,643,282
Total assets		**6,159,054**	**6,863,613**
Liabilities and Deficiency			
Current liabilities			
Accounts payable and accrued liabilities		1,162,499	647,311
Deferred revenue		14,312	-
Deferred contribution from SDTC	6	311,567	-
Short-term loan from a related party	7	9,754,986	9,027,586
		11,243,364	9,674,897
Non-current liabilities			
Convertible debenture	8	3,498,671	1,578,986
Total liabilities		14,742,035	11,253,883
Deficiency			
Share capital	9	54,562,847	54,562,847
Contributed surplus		6,848,232	6,848,232
Deficit		(69,994,060)	(65,801,349)
Total deficiency		(8,582,981)	(4,390,270)
Total liabilities and deficiency		**6,159,054**	**6,863,613**
Going concern	1		
Commitments	14		

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

Dundee Sustainable Technologies Inc.

Interim Consolidated Statements of Comprehensive Loss
(Unaudited)
For the three and nine months ended September 30, 2016 and 2015
(Expressed in Canadian dollars, except number of shares)

	Note	Three months ended September 30,		Nine months ended September 30,	
		2016	**2015**	**2016**	**2015**
		$	$	$	$
Sale of service		610,680	-	1,164,432	-
Cost of service		304,905	-	599,149	-
		305,775	-	565,283	-
Expenses					
Research and development	12	656,832	888,003	2,404,628	2,972,109
Professional and consulting fees		127,435	184,643	543,056	802,144
Administrative		159,276	206,523	462,131	503,799
Wages and compensation		78,288	62,102	338,487	196,058
Investor relation and promotions		4,349	37,753	27,051	69,268
Trustee and registration fees		9,371	5,163	33,961	39,979
Share-based payments		-	-	-	23,472
Depreciation of property, plant and equipment	5	96	15,273	1,269	45,797
Total expenses		1,035,647	1,399,460	3,810,583	4,652,626
Operating loss		(729,872)	(1,399,460)	(3,245,300)	(4,652,626)
Interest income		-	6,339	-	6,339
Finance costs	7,8	(337,808)	(287,765)	(960,434)	(729,270)
Gain (loss) on foreign currency exchange		(567)	(6,378)	13,023	(15,691)
Net loss and comprehensive loss		**(1,068,247)**	**(1,687,264)**	**(4,192,711)**	**(5,391,248)**
Basic and diluted net loss per share		(0.01)	(0.01)	(0.01)	(0.02)
Weighted average number of shares outstanding – basic and diluted		347,090,816	343,286,468	347,090,816	305,050,805
Going concern	1				

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

Dundee Sustainable Technologies Inc.

Interim Consolidated Statements of Changes in Deficiency
(Unaudited)
For the nine months ended September 30, 2016 and 2015
(Expressed in Canadian dollars, except number of shares)

	Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Number	$	Number	$	$	$	$
Balance – December 31, 2015	**50,000,000**	**3,963,875**	**297,090,816**	**50,598,972**	**6,848,232**	**(65,801,349)**	**(4,390,270)**
Net loss and comprehensive loss for the period	-	-	-	-	-	(4,192,711)	(4,192,711)
Balance – September 30, 2016	**50,000,000**	**3,963,875**	**297,090,816**	**50,598,972**	**6,848,232**	**(69,994,060)**	**(8,582,981)**

	Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Number	$	Number	$	$	$	$
Balance – December 31, 2014	**50,000,000**	**3,963,875**	**231,706,201**	**43,627,723**	**7,860,885**	**(58,152,856)**	**(2,700,373)**
Issuance of subordinate voting shares	-	-	15,384,615	1,000,000	-	-	1,000,000
Share issue expenses	-	-	-	(64,876)	-	-	(64,876)
Exercise of warrants	-	-	50,000,000	6,036,125	(1,036,125)		5,000,000
Share-based payments	-	-	-	-	23,472	-	23,472
Net loss and comprehensive loss for the period	-	-	-	-	-	(5,391,248)	(5,391,248)
Balance – September 30, 2015	**50,000,000**	**3,963,875**	**297,090,816**	**50,598,972**	**6,848,232**	**(63,544,104)**	**(2,133,025)**

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

Dundee Sustainable Technologies Inc.
Interim Consolidated Statements of Cash Flows
(Unaudited)
For the nine months ended September 30, 2016 and 2015
(Expressed in Canadian dollars)

	Note	2016	2015
		$	$
Operating activities			
Net loss for the period		(4,192,711)	(5,391,248)
Adjusted for:			
Share-based payments		-	23,472
Contribution from SDTC received in excess of amount recognized	6	311,567	-
Reclassification of SDTC deferred contribution	6	-	(928,085)
Depreciation of property, plant and equipment included in research and development	5	7,050	7,050
Depreciation of property, plant and equipment	5	1,269	45,797
Convertible debenture discount	8	(242,457)	(257,050)
Amortization of convertible debenture discount	8	62,142	8,706
Finance costs accrued	7	727,400	677,615
		(3,325,740)	(5,813,743)
Changes in non-cash operating working capital items:			
Accounts receivable		(33,584)	-
Research and development tax credits and grants receivable		48,036	101,843
Sales taxes receivables		113,585	4,827
Other assets		(769,289)	-
Prepaid expenses and advances to suppliers		183,831	(151,007)
Accounts payable and accrued liabilities		515,188	(291,540)
Deferred revenue		14,312	-
		72,079	(335,877)
Net cash used in operating activities		**(3,253,661)**	**(6,149,620)**
Investing activities			
Addition to exploration and evaluation assets		-	(18,145)
Net cash used in investing activities		**-**	**(18,145)**
Financing activities			
Exercise of warrants		-	5,000,000
Net proceeds from issuance of convertible debenture	8	2,100,000	1,807,799
Net proceeds from issuance of subordinate voting shares		-	935,124
Additions to other assets		-	(8,020)
Short-term loan from a related party	7	-	2,000,000
Bridge loan	8	200,000	500,000
Repayment of bridge loan	8	(200,000)	(500,000)
Net cash provided by financing activities		**2,100,000**	**9,734,903**
Net change in cash and cash equivalents		(1,153,661)	3,567,138
Cash and cash equivalents – beginning		1,679,490	290,488
Cash and cash equivalents – end		**525,829**	**3,857,626**
Components of cash and cash equivalents are as follows:			
Cash		525,829	857,626
Cash equivalents		-	3,000,000
Supplemental information			
Interest income received		-	1,602
Finance cost paid		(170,959)	(42,948)
Going concern	1		

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

1. NATURE OF OPERATIONS AND GOING CONCERN

Dundee Sustainable Technologies Inc. (the "Corporation") was incorporated under the Canada Business Corporations Act on July 22, 1997. The Corporation's head office is located at 1002 Sherbrooke Street West, Suite 2060, Montréal, Quebec, Canada, H3A 3L6.

The Corporation has developed metallurgical processes based on a chlorination 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. The Corporation has also developed a process based on an arsenic stabilization technology which is designed for the sequestration of arsenic in a stable glass form. This process involves a technique to segregate arsenic and is therefore opening up opportunities to process materials considered too toxic to be exploited or stabilized using conventional mining methods.

These technologies are subject to all risks inherent in their development and may require significant additional development, testing and investment 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. As at September 30, 2016, Dundee Corporation ("Dundee") was the principal and majority shareholder of the Corporation.

For the nine months ended September 30, 2016, the Corporation incurred a loss of $4,192,711 ($5,391,248 for the nine months ended September 30, 2015) and has a negative working capital of $9,719,273 (a negative working capital of $7,454,566 as at December 31, 2015). Deficit as at September 30, 2016 amounted to $69,994,060 ($65,801,349 as at December 31, 2015) and cash flow used in operating activities for the nine months ended September 30, 2016, amounted to $3,253,661 ($6,149,660 for the nine months ended September 30, 2015).

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through to September 30, 2017. 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 believes, based on previous fund raising experience, that the Corporation will be able to secure the necessary financing through the issuance of debt or new equity in public or privately negotiated equity offerings. While it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

Although these unaudited condensed interim consolidated financial statements as at and for the nine months ended September 30, 2016 ("September 2016 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.

The September 2016 Interim Consolidated Financial Statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

On October 26, 2016, the September 2016 Interim Consolidated Financial Statements were authorized for publication by the Board of Directors.

2. BASIS OF PRESENTATION

The September 2016 Interim Consolidated Financial Statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting, as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting". The September 2016 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, 2015 ("2015 Audited Consolidated Financial Statements") which were prepared in accordance with IFRS as applicable for annual financial statements.

Other than as described below, the September 2016 Interim Consolidated Financial Statements follow the same accounting principles and methods of application as those disclosed in Note 2 to the 2015 Audited Consolidated Financial Statements.

Changes or Adoption of Accounting Principles Implemented During the Nine Months Ended September 30, 2016

IAS 1, "Presentation of Financial Statements" ("IAS 1")

On January 1, 2016, the Corporation implemented certain amendments to IAS 1 which clarify guidance on the concepts of materiality and aggregation of items in the financial statements, the use and presentation of subtotals in the statements of net income or loss and comprehensive income or loss, and which provide additional flexibility in the structure and disclosures of the financial statements to enhance understandability. The implementation of amendments to IAS 1 had no impact to the Corporation's September 2016 Interim Financial Statements.

Revenue recognition

The Corporation renders technical services to customers in the mining industry to evaluate processing alternatives using the Corporation's technologies. Revenue is recognised in the accounting period in which the services are rendered, by reference to stage of completion of the specific transaction which is assessed on the basis of the actual service provided as a proportion of the total services to be provided. Revenue is recognized to the extend that the amount can be reliably measured and it is probable that future economic benefits will flow to the Corporation

Other assets

Other assets are composed of ore concentrates and other research and development supplies. Concentrates and supplies used in the research and development activities are accounted for at cost.

Any proceeds from the resale of other assets or by-products arising from research and development activities are accounted for as a reduction of research and development expenses.

Accounting Standards, Interpretations and Amendments to Existing Standards not yet Effective

IFRS accounting standards, interpretations and amendments to existing IFRS accounting standards that were not yet effective as at December 31, 2015, are described in note 2 to the 2015 Audited Consolidated Financial Statements. Other than as described below, there have been no other changes to existing IFRS accounting standards and interpretations since December 31, 2015 that are expected to have a material effect on the Corporation's financial statements.

2. BASIS OF PRESENTATION (CONT'D)

IAS 7, "Statement of Cash Flows" ("IAS 7")
In January 2016, the IASB issued amendments to IAS 7 pursuant to which entities will be required to provide enhanced information about changes in their financial liabilities, including changes from cash flows and non-cash changes. The IAS 7 amendments are effective for annual periods beginning on or after January 1, 2017. The Corporation is in the process of evaluating the impact of adopting these amendments to its consolidated financial statements.

IAS 12, "Income Taxes" ("IAS 12")
In January 2016, the IASB issued amendments to IAS 12 which clarify guidance on the recognition of deferred tax assets related to unrealized losses resulting from debt instruments that are measured at their fair value. The IAS 12 amendments are effective for annual periods beginning on or after January 1, 2017. The Corporation is in the process of evaluating the impact of adopting these amendments to its consolidated financial statements.

IFRS 15, Revenue from Contracts with Customers, ("IFRS 15")
IFRS 15 outlines a single comprehensive model for entities to use in accounting for revenue arising from contracts with customers. It will supersede current revenue recognition guidance including IAS 18, Revenue and related Interpretations. The IFRS 15 is effective for annual periods beginning on or after January 1, 2018. The Corporation is in the process of evaluating the impact of adopting this new standard to its consolidated financial statements.

IFRS 2, "Share-based Payment" ("IFRS 2")
In June 2016, the IASB issued amendments to IFRS 2, clarifying how to account for certain types of share-based payment transactions, including the accounting for the effects of vesting and non-vesting conditions on the measurement of cash-settled share-based payments, accounting for share-based payment transactions with a net settlement feature for withholding tax obligations, and accounting for modifications to the terms and conditions of a share-based payment that changes the classification of the share-based payment transaction from cash-settled to equity-settled. The IFRS 2 amendments are effective for annual periods beginning on or after January 1, 2018. The Corporation is in the process of evaluating the impact of adopting these amendments to its consolidated financial statements.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the September 2016 Interim Consolidated Financial Statements in accordance with IFRS requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Corporation's reported amounts of assets, liabilities, and items in net earnings or loss, and the related disclosure of contingent assets and liabilities, if any. The Corporation evaluates its estimates on an ongoing basis.

Such estimates are based on various assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There have been no significant changes in accounting judgments, estimates and assumptions made by the Corporation in the preparation of the September 2016 Interim Consolidated Financial Statements from those judgments, estimates and assumptions disclosed in note 3 to the 2015 Audited Consolidated Financial Statements.

(Expressed in Canadian dollars)

4. OTHER ASSETS

The other assets include the following items:

	As at September 30, 2016	As at December 31, 2015
	$	$
Gold concentrate	740,856	-
Supplies	75,668	47,235
	816,524	**47,235**

5. PROPERTY, PLANT AND EQUIPMENT

	Camp and infrastructure	Vehicles and equipment	Office furniture and computer equipment	Total
Gross carrying amount	$	$	$	$
Balance - January 1, 2016	90,807	47,000	134,085	271,892
Acquisition	-	-	-	-
Balance – September 30, 2016	90,807	47,000	134,085	271,892
Accumulated depreciation				
Balance - January 1, 2016	90,807	18,800	132,816	242,423
Depreciation	-	7,050	1,269	8,319
Balance – September 30, 2016	90,807	25,850	134,085	250,742
Net carrying amount - September 30, 2016	**-**	**21,150**	**-**	**21,150**
Net carrying amount - December 31, 2015	**-**	**28,200**	**1,269**	**29,469**

6. GOVERNMENT ASSISTANCE

In June 2013, the Corporation entered into an agreement (the “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 chlorination 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 in July 2016, $678,729 from SDTC corresponding to the eligible activities that it will undertake.

(Expressed in Canadian dollars)

6. GOVERNMENT ASSISTANCE (CONT'D)

Deferred contribution from SDTC	Nine months ended September 30, 2016	2015
	$	$
Balance – beginning	-	1,055,677
SDTC grant received	678,729	-
Reclassification of deferred contribution through profit or loss as per eligible expenditures incurred during the period	(367,162)	(928,085)
Balance – end	**311,567**	**127,592**

7. SHORT-TERM LOAN FROM A RELATED PARTY

The short-term loan from a wholly owned subsidiary of Dundee bears interest at the rate of 12.68% per annum and is secured by a hypothec, pari passu with Investissement Québec's ("IQ") convertible debenture and Canada Economic Development for Quebec Regions (CED) contribution, over all of the Corporation's property other than its intellectual property. The interest is payable concurrently with the repayment of the loan. On May 31, 2016, the maturity date of the loan was extended to the earlier of November 30, 2016 and the date at which the Corporation raises the sum of $10,000,000 or greater by way of debt or equity. The Corporation has the option to repay the loan at any time.

	Nine months ended September 30,	
	2016	**2015**
	$	$
Balance – beginning	9,027,586	6,105,473
Principal amount	-	2,000,000
Finance costs accrued	727,400	677,615
Balance – end	**9,754,986**	**8,783,088**

8. CONVERTIBLE DEBENTURE AND LOANS

8.1 Convertible Debenture

The convertible debenture issued on May 15, 2015, consists of a secured convertible loan in an amount of up to $4,000,000 (the "IQ Loan"). The IQ Loan will mature on May 15, 2020, bears interest at a rate of 8% per annum, payable quarterly, and can be converted after one year at the holder's option into subordinate voting shares of the Corporation at a conversion price equal to the closing market price of the shares on the day prior to conversion. After the first anniversary of the IQ Loan, the Corporation has the right to redeem the IQ Loan subject to a 10% premium. The IQ Loan is guaranteed by Dundee in an amount of up to $1,500,000.

IQ will advance this loan to the Corporation during the construction and operation by the Corporation of its demonstration plant, based on the Corporation's liquidity needs, subject to a number of conditions. IQ advanced $1,900,000 in July 2015, $1,500,000 in April 2016 and $600,000 in September 2016 bringing the total loan to $4,000,000 as at September 30, 2016. The Corporation paid $167,835 interest during the nine months ended September 30, 2016.

(Expressed in Canadian dollars)

8. CONVERTIBLE DEBENTURE AND LOANS (CONT'D)

8.1 Convertible Debenture (Cont'd)

The fair value of the debt component advanced in April 2016 and September 2016 was estimated at $1,322,393 and $535,150, respectively, using an effective rate of 11.7% corresponding to a rate that the Corporation would have obtained for a similar non-subsidized financing. No value has been assigned to the equity conversion option, as the conversion price is equal to the closing market price of the shares on the day prior to conversion.

In connection with the financing, the Corporation has entered into an agreement with IQ granting IQ the right to appoint one member of the Board of Directors of the Corporation.

	Nine months ended September 30, 2016
	$
Carrying amount of the liability component as at December 31, 2015	1,578,986
Proceeds from issue of convertible debenture	2,100,000
Debt discounted at fair value	(242,457)
Accretion expense	62,142
Carrying amount of the liability component as at September 30, 2016	**3,498,671**

8.2 Bridge loan

In August 2016, an unsecured bridge loan, payable on demand, of $200,000 was advanced to the Corporation. The loan was reimbursed in September 2016 including interest of $3,000.

9. SHARE CAPITAL

Authorized

On September 30, 2016 and December 31, 2015, the authorized capital of the Corporation consisted of an unlimited number of subordinate voting shares and multiple voting shares, without nominal or par value. The holders of subordinate voting shares are entitled to one vote for each subordinate voting share, and the holders of multiple voting shares are entitled to 10 votes for each multiple voting share. The holders of subordinate voting shares and multiple voting shares shall be entitled to receive and to participate equally as to dividends, share for share, in an equal amount on all the subordinate voting shares and multiple voting shares outstanding at year-end. The holders of multiple voting shares shall be entitled at any time and from time to time to have any or all of the multiple voting shares converted into subordinate voting shares on the basis of one subordinate voting share for each multiple voting share. In all other respects, the holders of subordinate voting shares and multiple voting shares shall rank equally and have the same rights and restrictions.

(Expressed in Canadian dollars)

10. STOCK OPTION PLAN

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

	Nine months ended September 30,			
		2016		2015
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance - beginning	20,577,500	0.13	22,652,500	0.16
Expired	(9,400,000)	0.12	(1,575,000)	0.66
Balance – end	**11,177,500**	**0.13**	**21,077,500**	**0.13**

As at September 30, 2016 outstanding and exercisable options are as follows:

Number of options	Exercise price	Expiry date	
	$		
100,000	0.10	October 1, 2016	(1)
50,000	0.10	December 15, 2016	
150,000	0.20	December 15, 2016	
475,000	0.20	February 20, 2017	
100,000	0.20	July 23, 2017	
600,000	0.20	February 6, 2018	
7,400,000	0.10	December 12, 2018	
602,500	0.20	October 2, 2019	
1,700,000	0.20	November 27, 2022	
11,177,500			

(1) Unexercised at expiry date.

The residual weighted average contractual term of outstanding options was 2.65 years as at September 30, 2016.

11. ESCROW AGREEMENT

As at September 30, 2016, 54,170,550 subordinate voting shares, 15,000,000 multiple voting shares and 2,760,000 options of the Corporation are subject to an escrow agreement with one-half of these escrowed securities being releasable in October 2016 and April 2017.

12. RESEARCH AND DEVELOPMENT

	Three months ended September 30,		Nine months ended September 30,	
	2016	2015	2016	2015
	$	$	$	$
Research and development	885,973	1,492,323	3,040,051	4,197,518
Government assistance and tax credit	(229,141)	(604,320)	(635,423)	(1,225,409)
	656,832	**888,003**	**2,404,628**	**2,972,109**

(Expressed in Canadian dollars)

13. RELATED PARTY TRANSACTIONS

Details of related party transactions with the directors and officers of the Corporation and companies controlled by directors and officers not otherwise disclosed in these consolidated financial statements are as follows:

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
	$	$	$	$
Directors or corporations held by directors				
Professional and consulting fees [(1)]	66,946	60,000	186,946	185,040
Officers or corporations held by officers				
Professional fees	48,703	88,780	167,472	342,370
	115,649	**148,780**	**354,418**	**527,410**

(1) Fees charged by Dundee for the compensation of John W. Mercer, President and CEO until August 2016, in the amount of $160,000 ($180,000 for the nine months ended September 30, 2015), included in accounts payable and accrued liabilities.

Compensation of key management

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

	Three months ended September 30,		Nine months ended September 30,	
	2016	**2015**	**2016**	**2015**
	$	$	$	$
Short-term employee benefits				
Professional and consulting fees	104,906	122,277	328,994	402,505
Wages and compensation	90,125	35,000	230,708	155,000
	195,031	**157,277**	**559,702**	**557,505**

14. COMMITMENTS

14.1 Construction and operation of a demonstration plant

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

In connection with the contribution agreement reached with 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.

The Corporation’s objective is to finalize the development of its chlorination technology to extract precious metals (e.g. gold), at a pre-commercial stage through the construction and operation of a demonstration plant of 15 tonnes of concentrate per day that will operate on a continuous mode under industrial conditions. Construction of the plant commenced in 2013, and commissioning was successfully completed in late 2015 enabling the Corporation to proceed with the demonstration phase of the project.

(Expressed in Canadian dollars)

14. COMMITMENTS (CONT'D)

14.1 Construction and operation of a demonstration plant (Cont'd)

The Corporation has spent a total of $18,400,056 in this regard, from which $2,411,870 was incurred during the nine months ended September 30, 2016 and is included in the consolidated statement of comprehensive loss under research and development. As at September 30, 2016, the Corporation has a firm purchasing commitment for $53,401 towards equipment and services relating to the demonstration plant.

As part of the Contribution Agreement, the Corporation received an aggregate amount of $4,500,000 from SDTC corresponding to the eligible activities to be incurred by the Corporation.

14.2 Lease payments

On January 11, 2008, the Corporation entered into a three-year lease (the "Thetford Mines Lease"). The annual rent was $100,000. In October 2010, the Corporation renewed the Thetford Mines Lease for a three-year period ending December 31, 2013, at an annual rent of $106,000. On July 1, 2013, the Corporation renewed and modified the Thetford Mines Lease to rent more space, for a ten-year period at an annual rent of $204,380 that is subject to a yearly increase of 1.5%.

On April 11, 2016, the Corporation entered into a lease for the head office until August 31, 2018. The annual rent is $49,088.

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

	As at September 30, 2016
	$
Less than 1 year	262,804
Between 1 and 5 years	932,403
More than 5 years	404,843

15. SUBSEQUENT EVENTS

15.1 CED contribution agreement

On October 12, 2016, CED amended its contribution agreement, originally entered into on June 16, 2015, pursuant to which the Corporation will receive up to $397,000 repayable contribution. The CED contribution ("CED Contribution") will be used by the Corporation for the acquisition of equipment for its Thetford Mines plant (the "Project"). Payments by CED will be made over the term of the Project, which must be completed at the latest by March 31, 2017. The CED Contribution is non-interest bearing, secured and repayable in equal monthly installments over seven years starting three years after the end of the Project. At the date of release of these condensed interim consolidated financial statements, the Corporation hasn't drawn from the CED Contribution.

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

15.2 Bridge loan from a non-related party

On October 24, 2016, an unsecured bridge loan, payable on demand, of $300,000 was advanced to the Corporation.