Dundee Sustainable Technologies Inc.

Condensed Interim Consolidated Financial Statements
(Unaudited)

As at and for the six months ended June 30, 2019
(Expressed in Canadian dollars)

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

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Dundee Sustainable Technologies Inc.

Condensed Interim Consolidated Statements of Financial Position
(Unaudited)
(Expressed in Canadian dollars)

	Note	As at June 30, 2019	As at December 31, 2018
		$	$
Assets			
Current assets			
Cash		115,642	116,185
Accounts receivable	4	1,134,002	1,247,700
Sales tax receivable		41,470	-
Other assets		59,012	65,568
Prepaid expenses		36,215	9,000
		1,386,341	1,438,453
Non-current assets			
Investment in a related company		59,250	59,250
Property, plant and equipment	5	1,302,372	-
Intangible assets	6	4,267,777	4,498,468
		5,629,399	4,557,718
Total assets		**7,015,740**	**5,996,171**
Liabilities and Deficiency			
Current liabilities			
Accounts payable and accrued liabilities		1,611,058	1,715,721
Sales tax payable		-	49,896
Contract liabilities		80,860	61,199
Promissory notes from a related party	8	4,822,043	2,950,905
Short-term loans from a related party	8	13,283,389	12,760,865
		19,797,350	17,538,586
Non-current liabilities			
Lease liability	2	1,340,711	-
Long-term debt	9	246,206	232,430
Convertible debenture	9	4,859,762	4,582,124
Total liabilities		26,244,029	22,353,140
Deficiency			
Share capital	10	55,057,673	55,057,673
Contributed surplus		8,068,668	8,068,668
Deficit		(82,354,630)	(79,483,310)
Total deficiency		(19,228,289)	(16,356,969)
Total liabilities and deficiency		**7,015,740**	**5,996,171**
Going concern	1		
Commitments	14		

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

Dundee Sustainable Technologies Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited)
For the three and six months ended June 30, 2019 and 2018
(Expressed in Canadian dollars, except number of shares)

		Three months ended June 30,		Six months ended June 30,	
	Note	**2019**	**2018**	**2019**	**2018**
		$	$	$	$
Sale of services		411,292	579,980	584,128	1,098,905
Expenses					
Operating expenses related to services		348,259	307,591	493,804	744,036
Research and development	13	285,579	262,768	834,700	608,640
Professional and consulting fees		11,187	38,906	88,333	123,134
Administrative		69,686	113,149	190,535	256,617
Wages and compensation		198,620	192,998	383,386	376,427
Shareholder communication		11,674	14,953	34,337	38,030
Share-based payments		-	613,250	-	613,250
Amortization of intangible assets		115,346	-	230,691	-
Total expenses		1,040,351	1,543,615	2,255,786	2,760,134
Operating loss		(629,059)	(963,635)	(1,671,658)	(1,661,229)
Other income		-	8,000	-	8,000
Finance cost	8,9	(621,747)	(445,334)	(1,202,027)	(879,206)
Gain on foreign currency exchange		(386)	11,842	2,365	18,090
Net loss and comprehensive loss		**(1,251,192)**	**(1,389,127)**	**(2,871,320)**	**(2,514,345)**
Basic and diluted net loss per share		-	-	-	-
Weighted average number of shares outstanding – basic and diluted		364,942,521	362,132,784	364,942,521	361,873,768

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

Dundee Sustainable Technologies Inc.

Condensed Interim Consolidated Statements of Changes in Deficiency

(Unaudited)

For the six months ended June 30, 2019 and 2018

(Expressed in Canadian dollars, except number of shares)

	Note	Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
		Number	$	Number	$	$	$	$
Balance – December 31, 2018		**50,000,000**	**3,963,875**	**314,942,521**	**51,093,798**	**8,068,668**	**(79,483,310)**	**(16,356,969)**
Net loss for the period		-	-	-	-	-	(2,871,320)	(2,871,320)
Balance – June 30, 2019		**50,000,000**	**3,963,875**	**314,942,521**	**51,093,798**	**8,068,668**	**(82,354,630)**	**(19,228,289)**

	Note	Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
		Number	$	Number	$	$	$	$
Balance – December 31, 2017		**50,000,000**	**3,963,875**	**311,376,530**	**50,898,972**	**7,508,232**	**(74,679,143)**	**(12,308,064)**
Exercise of options	12	-	-	1,550,000	130,314	(52,814)	-	77,500
Share-based payments	12	-	-	-	-	613,250	-	613,250
Net loss and comprehensive loss for the period							(2,514,345)	(2,514,345)
Balance – June 30, 2018		**50,000,000**	**3,963,875**	**312,926,530**	**51,029,286**	**8,068,668**	**(77,193,488)**	**14,131,659**

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

Dundee Sustainable Technologies Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

For the six months ended June 30, 2019 and 2018

(Expressed in Canadian dollars)

	Note	2019	2018
		$	$
Operating activities			
Net loss for the period		(2,871,320)	(2,514,345)
Adjusted for:			
Share-based payments	12	-	613,250
Depreciation of property, plant and equipment included in research and development		68,545	4,700
Amortization of intangible assets	6	230,691	-
Amortization of long-term debt discount	9	13,776	12,293
Amortization of convertible debenture discount	9	86,086	71,387
Finance cost accrued	8,9	1,021,211	795,517
		(1,451,011)	1,017,198)
Changes in non-cash operating working capital items:			
Accounts receivable		113,698	250,627
Sales taxes receivables		(91,366)	127,957
Other assets		6,557	5,289
Prepaid expenses		(27,215)	5,111
Accounts payable and accrued liabilities		(104,663)	405,204
Contract liabilities		19,661	36,450)
Lease liability		(30,204)	-
Deferred payment		-	(241,856)
		(113,532)	588,782
Net cash used in operating activities		**(1,564,543)**	**(428,416)**
Financing activities			
Exercise of options	12	-	77,500
Promissory note from a related party	8	1,564,000	900,000
Net cash provided by financing activities		**1,564,000**	**977,500**
Net change in cash during the period		(543)	549,084
Cash – beginning of period		116,185	494,799
Cash – end of period		**115,642**	**1,043,883**
Going concern	1		
Supplemental information	15		

The accompanying notes are an integral part of these 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. The Corporation's head office is located at 1002 Sherbrooke Street West, Suite 2060, Montréal, Quebec, Canada, H3A 3L6. Effective August 27, 2019 the Corporation's offices will be located at 2000 Peel Street, Suite 860, Montreal, Quebec, Canada, H3A-2W5.

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

While these technologies are currently being commercialized, they are subject to all the risks inherent in their ongoing development and adoption. They may require significant additional development, testing and investment prior to any final acceptance by the market. There can be no assurance that such technologies will be successfully developed, or that output from any use of the Corporation's technologies could be produced at a commercial level at a reasonable cost or be successfully marketed. To date, the Corporation has not earned significant revenues from its patented technologies. However, since the Corporation is in advanced discussions with several gold companies about including the CLEVR Process™ as part of new projects, management has made the decision to begin amortizing the intangible assets as at October 1, 2018. At June 30, 2019, Dundee Corporation ("Dundee") was the principal and majority shareholder of the Corporation.

For the six months ended June 30, 2019, the Corporation incurred a loss of $2,871,320 ($2,514,345 for the six months ended June 30, 2018) and has negative working capital of $18,411,009 (2017 – $16,100,133). The deficit as at June 30, 2019 amounted to $82,354,630 (2017 – $79,483,310) and cash flows used in operating activities for the six months ended June 30, 2019 amounted to $1,564,543 ($428,416 for the six months ended June 30, 2018).

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures for the twelve months through to June 30, 2020. 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, 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 condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards ("IFRS") applicable to a going concern, the above-noted facts and circumstances cast significant doubt on the Corporation's ability to continue as a going concern.

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

On August 21, 2019, these consolidated financial statements were approved by the Board of Directors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

2.1 Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting, as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These condensed interim Consolidated Financial Statements should be read in conjunction with the Corporation's audited consolidated financial statements as at and for the year ended December 31, 2018 which were prepared in accordance with IFRS as applicable for annual financial statements.

The condensed interim consolidated financial statements follow the same accounting principles and methods of application as those disclosed in Note 2 to the audited consolidated financial statements as at and for the year ended December 31, 2018.

2.2 Changes in accounting policies

Effective January 1, 2019, the following new standard have been applied when preparing these condensed interim consolidated financial statements. The Corporation adopted IFRS 16, *Leases*. The Corporation adopted this new standard retrospectively. The impact of applying the standard is described below.

IFRS 16, Leases
IFRS 16, issued in January 2016, replaces IAS 17, Leases. IFRS 16 results in most leases being reported on the balance sheet for lessees, eliminating the distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a right of use ("ROU") asset and a lease liability calculated using a prescribed methodology, except for short-term leases and leases with low-value underlying assets. In addition, the nature and timing of expenses related to leases has changed, as IFRS 16 replaces the straight-line operating leases expense with the depreciation expense for the ROU assets and interest expense on the lease liabilities. Effective January 1, 2019, the Corporation adopted IFRS 16 and the impact of the transition is shown below. The Corporation's new accounting policy under IFRS 16 is as follows:

Leases

At the beginning of a lease contract, the Corporation assesses if the contract gives the right to control the identified asset for a period of time in exchange for a consideration. A ROU asset and a lease liability is recognized at the beginning of the lease contract. The ROU is initially recognized at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The ROU asset is depreciated using the straight-line method from the beginning to the end of the lease term, including any option to extend the lease if the Corporation is reasonably certain to exercise that option. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments. These payments are discounted using the Corporation's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method whereby the balance is increased by interest expense and decreased by lease payments. It is remeasured when there is a change in future lease payments, or if the Corporation changes its assessment of whether it will exercise a extension or termination option.

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (Cont'd)

The Corporation recognizes ROU assets within property, plant and equipment and lease liabilities in non-current liabilities in the consolidated balance sheets

Transition

At the transition date, the Corporation only had one long-term lease classified as operating leases under IAS 17. A lease liability was measured at the present value of the remaining lease payments discounted at the incremental borrowing rate as at January 1, 2019. ROU assets were measured at their carrying amount, discounted using the incremental borrowing rate as at January 1, 2019. The Corporation's incremental borrowing rate applied is 11.7%. On transition to IFRS 16, the Corporation recognized $1.4 million of ROU assets and its related lease liabilities.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim consolidated financial statements for the six months ended June 30, 2019, in accordance with IFRS requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Corporation's reported amounts of assets, liabilities, and items in net earnings or loss, and the related disclosure of contingent assets and liabilities, if any. The Corporation evaluates its estimates on an ongoing basis.

Such estimates are based on various assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There have been no significant changes in accounting judgments, estimates and assumptions made by the Corporation in the preparation of these condensed interim consolidated financial statements from those judgments, estimates and assumptions disclosed in note 3 to the audited consolidated financial statements as at and for the year ended December 31, 2018.

4. ACCOUNTS RECEIVABLE

The accounts receivable includes the technical services, unbilled services and other receivables. Technical services receivable is generated from customers to evaluate processing alternatives using the Corporation's processing facility. Other receivables are the reimbursements of project expenses generated under the collaboration agreement with a related party (note 7).

	As at June 30, 2019	**As at December 31, 2018**
	$	$
Technical services	332,897	768,857
Unbilled revenues	181,259	50,380
Other receivables	619,846	428,463
	1,134,002	**1,247,700**

As at June 30, 2019, accounts receivable from related parties amounted to $660,698 (2018 – $455,847).

(Expressed in Canadian dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	Vehicles and equipment	Right to use asset	Total
Gross carrying amount	$	$	$
Balance – January 1, 2019	47,000		47,000
Initial asset recognition IFRS 16	-	1,370,917	1,370,917
Balance – June 30, 2019	47,000	1,370,917	1,417,917
Accumulated depreciation			
Balance – January 1, 2019	47,000	-	47,000
Depreciation	-	68,545	68,545
Balance – June 30, 2019	47,000	68,545	115,545
Net carrying amount – June 30, 2019	**-**	**1,302,372**	**1,302,372**
Net carrying amount – December 31, 2018	-	-	-

6. INTANGIBLE ASSETS

	Intangible assets
Gross carrying amount	$
Balance – January 1 and June 30, 2019:	
Intellectual properties – Oxide	605,000
Patent application fees – Oxide	129,474
Development cost – Oxide	5,809,233
Less: SR&ED tax credit	(1,929,894)
	4,613,813
Accumulated amortization	
Balance – January 1, 2019	115,345
Amortization	230,691
Balance – March 31, 2019	346,036
Net carrying amount – June 30, 2019	**4,267,777**
Net carrying amount – December 31, 2018	4,498,468

7. GOVERNMENT ASSISTANCE

In September 2017, the Corporation entered into a collaboration agreement with a related party for the construction and operation of an onsite demonstration plant using the Corporation's proprietary arsenic stabilization technology (the "GlassLock™ demo plant"). The construction of the GlassLock™ demo plant was funded by this related party with capital cost of US$3.1 million and was erected at the related party's metals processing facility. As at June 30, 2019, the GlassLock™ demo plant was in operation.

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

As part of the SDTC contribution agreement, the Corporation has received a total of $734,155 in 2018 from the SDTC to assist with the construction and operation of the GlassLock™ demo plant. The contribution was recognized through comprehensive loss.

(Expressed in Canadian dollars)

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

8.1 Promissory notes

The Corporation signed eight promissory notes payable on demand to a wholly owned subsidiary of Dundee along with interest at a rate of 18% per annum. As at June 30, 2019, the principal amount of the promissory notes totaled $4,239,000 (2017 – $2,675,000) and the finance cost accrued during the six months ended June 30, 2019 amounted to $307,138 ($79,891 during the same period of last year).

Promissory notes		**Six months ended June 30,**
	2019	**2018**
	$	$
Balance – beginning of period	2,950,905	513,808
Principal amount	1,564,000	900,000
Finance costs accrued	307,138	79,891
Balance – end of period	**4,822,043**	**1,493,699**

8.2 Short-term loans

The short-term loans, from a wholly owned subsidiary of Dundee, bear interest at the rate of 12.68% per annum and are secured by a hypothec, *pari passu* with Investissement Québec's ("IQ") convertible debenture and Canada Economic Development for Quebec Regions' (CED) contribution, over all of the Corporation's property other than its intellectual property. The interest is payable concurrently with the repayment of the loans. In 2018, the maturity date of the loans was extended to the earlier of November 30, 2019 and the date at which the Corporation raises the sum of $10,000,000 or greater by way of issuing debt or equity. The Corporation has the option to repay the loans at any time.

As at June 30, 2019, the principal amount of the loans totaled $8,310,000 (2018 – $8,310,000).

Short-term loans		**Six months ended June 30,**
	2019	**2018**
	$	$
Balance – beginning of period	12,760,865	11,707,157
Finance costs accrued	522,524	522,524
Balance – end of period	**13,283,389**	**12,229,681**

9 CONVERTIBLE DEBENTURE AND LOANS

9.1 Convertible debenture

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

The IQ Loan, which is evidenced by a secured convertible debenture, will mature in July 2020, bears interest at a rate of 8% per annum, is payable quarterly, and can be converted after one year at the holder's option into subordinate voting shares of the Corporation at a conversion price equal to the closing market price of the shares on the day prior to conversion. The Corporation has the right to redeem the IQ Loan subject to a 10% premium. Starting October 1, 2016, interest has been capitalized. During the six months ended June 30, 2019, the Corporation capitalized $191,551 in interest ($193,102 during the six months ended June 30, 2018).

(Expressed in Canadian dollars)

9 CONVERTIBLE DEBENTURE AND LOANS (CONT'D)

9.1 Convertible debenture (Cont'd)

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

The fair value of the debt components advanced in 2016 and 2015 was estimated at $1,857,543 and $1,642,950, respectively, using an effective rate of 11.7% corresponding to a rate that the Corporation would have obtained for a similar non-subsidized financing. 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.

	Six months ended June 30,	
	2019	**2018**
	$	$
Carrying amount of the liability component – beginning of period	4,582,124	4,052,043
Capitalized interest expense	191,551	193,102
Amortization of convertible debenture discount	86,087	71,387
Carrying amount of the liability component – end of period	**4,859,762**	**4,316,532**

9.2 CED contribution agreement

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

The fair value of the debt components advanced in December 2016 and May 2017 were respectively estimated at $149,944 and $35,495 using an effective rate of 11.7%. Such rate corresponds to a rate that the Corporation would have obtained for a similar non-subsidized financing.

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.

	Six months ended June 30,	
	2019	**2018**
	$	$
Balance – beginning of period	232,430	207,114
Amortization of long-term debt discount	13,776	12,293
Balance – end of period	**246,206**	**219,407**

(Expressed in Canadian dollars)

10. SHARE CAPITAL

Authorized

On June 30, 2019 and December 31, 2018, 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.

11 WARRANTS

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

	Six months ended June 30,			
		2019		2018
	Number of warrants	Carrying amount	Number of warrants	Carrying amount
		$		$
Balance – Beginning and end of period	**14,285,714**	**200,000**	**14,285,714**	**200,000**

As at June 30, 2019, outstanding and exercisable warrants are as follows:

Number of Warrants	Exercise price	Expiry date
	$	
14,285,714	0.06	November 23, 2022
14,285,714		

12. STOCK OPTION PLAN

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

	Six months ended June 30,			
		2019		2018
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		$		$
Balance – beginning of period	21,352,500	0.08	23,802,500	**0.08**
Granted	-	-	8,250,000	**0.10**
Exercised [(1)]	-	-	(1,550,000)	**0.05**
Forfeited	(800,000)	0.07	(1,212,500)	**0.16**
Balance – end of period	**20,552,500**	**0.08**	**29,290,000**	**0.09**

(1) The weighted average market price of the shares was $0.08 at the time of exercise.

(Expressed in Canadian dollars)

12. STOCK OPTION PLAN (CONT'D)

As at June 30, 2019, outstanding and exercisable options are as follows:

Number of options	Weighted average exercise price	Expiry date
	$	
75,000	0.20	August 16, 2019
400,000	0.05	August 16, 2019
300,000	0.10	August 16, 2019
302,500	0.20	October 2, 2019
10,050,000	0.05	February 3, 2022
1,625,000	0.20	November 27, 2022
6,800,000	0.10	April 18,2023
500,000	0.10	April 26, 2023
500,000	0.10	June 18, 2023
20,552,500		

The residual weighted average contractual term of outstanding options was 3 years as at June 30, 2019.

13. RESEARCH AND DEVELOPMENT

	Six months ended June 30,	
	2019	**2018**
	$	$
Research and development	1,594,264	2,753,680
Recognition of a related party contribution through comprehensive loss as per eligible GlassLock™ demo plant expenditures incurred during the period	(759,564)	(2,145,040)
	834,700	**608,640**

14. COMMITMENTS

Lease payments

On July 1, 2013, the Corporation entered into a 10-year lease for the Thetford Mines facility at an annual rent of $204,380 that is subject to a yearly increase of 1.5%.

On March 9, 2018, the Corporation entered into a lease extension for its head office until August 31, 2019. The annual rent is $51,000.

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

	As at June 30, 2019
	$
Less than 1 year	175,482
Between 1 and 5 years	743,829

15. SUPPLEMENTAL CASH FLOW INFORMATION

	Six months ended June 30,	
	2019	**2018**
	$	$
Finance cost paid	1,481	10