

# **Dundee Sustainable Technologies Inc.**

## **Condensed Interim Consolidated Financial Statements (Unaudited)**

As at and for the three months ended March 31, 2020  
(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.

2000 Peel Street, Suite 860, Montréal, QC, H3A 2W5  
Tel.: 514.866.6001 / [www.dundeetechnologies.com](http://www.dundeetechnologies.com)

# Dundee Sustainable Technologies Inc.

## Consolidated Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	Note	As at March 31, 2020 \$	As at December 31, 2019 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,667,839	116,261
Accounts receivable	4	291,645	367,350
Sales tax receivable		-	37,153
Other assets		90,628	73,395
Prepaid expenses		68,354	45,212
		<b>2,118,466</b>	<b>639,371</b>
<b>Non-current assets</b>			
Investment in a related company		59,250	59,250
Property, plant and equipment	5	1,251,214	1,340,398
Intangible assets	6	3,921,741	4,037,086
		<b>5,232,205</b>	<b>5,436,734</b>
<b>Total assets</b>		<b>7,350,671</b>	<b>6,076,105</b>
<b>Liabilities and Deficiency</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		1,254,404	1,391,127
Sales tax payable		28,836	-
Contract liabilities	7	1,425,925	222,135
Current portion of lease liability	5	108,505	99,156
Promissory notes from a related party	8	7,117,398	5,731,100
Short-term loans from a related party	8	14,076,561	13,814,573
Short-term portion of long-term debt	9	56,714	47,262
Convertible debenture	9	5,278,084	5,156,632
		<b>29,346,427</b>	<b>26,461,985</b>
<b>Non-current liabilities</b>			
Lease liability	5	1,232,920	1,310,744
Long-term debt	9	202,305	213,579
<b>Total liabilities</b>		<b>30,781,652</b>	<b>27,986,308</b>
<b>Deficiency</b>			
Share capital	10	55,057,673	55,057,673
Contributed surplus		8,068,668	8,068,668
Deficit		(86,557,322)	(85,036,544)
<b>Total deficiency</b>		<b>(23,430,981)</b>	<b>(21,910,203)</b>
<b>Total liabilities and deficiency</b>		<b>7,350,671</b>	<b>6,076,105</b>
<b>Going concern</b>	1		
<b>Subsequent events</b>	15		

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

## Dundee Sustainable Technologies Inc.

### Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars, except number of shares)

	Note	2020	2019
		\$	\$
Sale of services		477,645	172,836
<b>Expenses</b>			
Operating expenses related to services		466,295	145,544
Research and development	13	391,558	549,121
Professional and consulting fees		111,350	77,146
Administrative		87,778	120,849
Wages and compensation		230,181	184,766
Shareholder communication		28,083	22,663
Depreciation of property, plant and equipment		12,331	-
Amortization of intangible assets		115,345	115,345
Total expenses		1,442,921	1,215,434
<b>Operating loss</b>		<b>(965,276)</b>	<b>(1,042,598)</b>
Other income		800	-
Finance cost	8,9	(667,130)	(580,280)
Gain on foreign currency exchange		110,828	2,750
<b>Net loss and comprehensive loss</b>		<b>(1,520,778)</b>	<b>(1,620,128)</b>
<b>Basic and diluted net loss per share</b>	10	<b>(0.08)</b>	<b>(0.09)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>		<b>18,247,121</b>	<b>18,247,121</b>

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

## Dundee Sustainable Technologies Inc.

### Consolidated Statements of Changes in Deficiency

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars, except number of shares)

		Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Note	Number	\$	Number	\$	\$	\$	\$
<b>Balance – December 31, 2019</b>	10	2,500,000	3,963,875	15,747,121	51,093,798	8,068,668	(85,036,544)	(21,910,203)
Net and comprehensive loss for the period		-	-	-	-	-	(1,520,778)	(1,520,778)
<b>Balance – March 31, 2020</b>		2,500,000	3,963,875	15,747,121	51,093,798	8,068,668	(86,557,322)	(23,430,981)

		Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Note	Number	\$	Number	\$	\$	\$	\$
<b>Balance – December 31, 2018</b>	10	2,500,000	3,963,875	15,747,121	51,093,798	8,068,668	(79,483,310)	(16,356,969)
Net and comprehensive loss for the period		-	-	-	-	-	(1,620,128)	(1,620,128)
<b>Balance – March 31, 2019</b>		2,500,000	3,963,875	15,747,121	51,093,798	8,068,668	(81,103,438)	(17,977,097)

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

# Dundee Sustainable Technologies Inc.

## Consolidated Statements of Cash Flows

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

	Note	2020	2019
		\$	\$
<b>Operating activities</b>			
Net loss for the year		(1,520,778)	(1,620,128)
Adjusted for:			
Depreciation of property, plant and equipment	5	12,331	-
Depreciation of property, plant and equipment included in research and development	5	137,936	34,272
Amortization of intangible assets	6	115,345	115,345
Amortization of long-term debt discount	9	7,630	6,799
Amortization of convertible debenture discount	9	18,514	42,954
Finance cost accrued	8, 9	606,223	490,565
		(722,799)	(931,093)
Changes in non-cash operating working capital items:			
Accounts receivable		75,505	685,803
Sales tax receivable		65,989	(77,831)
Other assets		(17,233)	3,277
Prepaid expenses		(23,142)	(8,763)
Accounts payable and accrued liabilities		(136,723)	(192,016)
Contract liabilities		1,203,790	(42,493)
		1,168,386	367,977
<b>Net cash generated (used) in operating activities</b>		<b>445,587</b>	<b>(563,116)</b>
<b>Financing activities</b>			
Principal elements of lease payments	5	(29,557)	(14,882)
Long-term loan payments	9	(9,452)	-
Promissory note from a related party	8	1,145,000	764,000
<b>Net cash provided by financing activities</b>		<b>1,105,991</b>	<b>749,118</b>
Net change in cash and cash equivalents during the year		1,551,578	186,002
Cash and cash equivalents – beginning of year		116,261	116,185
<b>Cash and cash equivalents – end of year</b>		<b>1,667,839</b>	<b>302,187</b>

Supplemental information

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

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

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### 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 2000 Peel Street, Suite 860, Montréal, 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 sequestering 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, the intangible assets have been amortized since October 1, 2018. At March 31, 2020, Dundee Corporation (“Dundee”) was the principal and majority shareholder of the Corporation.

For the three months ended March 31, 2020, the Corporation incurred a loss of \$1,520,778 (\$1,620,128 for the three months ended March 31, 2019) and has negative working capital of \$27,227,961 (2019 – \$25,822,614). Deficit as at March 31, 2020 amounted to \$86,577,322 (2019 – \$85,036,544) and cash flows generated in operating activities for the three months ended March 31, 2020 amounted to \$445,587 (\$563,116 used in operating activities for the three months ended March 31, 2019).

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through to March 31, 2021. 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. The Corporation obtained an extension on the maturity date of its convertible debt from May to July 2020 (Note 15). 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.

The first quarter of 2020 was marked by the severity of the Coronavirus global outbreak. The extent and duration of impacts that the Coronavirus may have on the Corporation’s operations including suppliers, service providers, employees and on global financial markets is not known at this time but could be material. The Thetford site was temporarily closed as a result of the measures taken by the Quebec provincial government on March 23, 2020. The Corporation is monitoring developments and has taken appropriate actions in order to mitigate the risk, including safety procedures and contingency plans to restore operations at its plant in Thetford Mines. Partial operations have resumed in May with employees and contractors following the control and practices that have been established on site.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

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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 May 11, 2020, 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.

### 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, 2019 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, 2019.

## 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim consolidated financial statements for the three months ended March 31, 2020, 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, 2019.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

### 4. ACCOUNTS RECEIVABLE

The accounts receivable include the technical services, unbilled services and other receivables. Technical services receivable are 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.

	As at March 31, 2020	As at December 31, 2019
	\$	\$
Technical services	270,291	229,892
Unbilled revenues	21,354	137,458
	<b>291,645</b>	<b>367,350</b>

As at March 31, 2020, accounts receivable from related parties amount to \$153,764 (2019 – \$161,152).

### 5. PROPERTY, PLANT AND EQUIPMENT

	Vehicles and equipment	Right of use asset	Total
	\$	\$	\$
<b>Gross carrying amount</b>			
Balance – January 1, 2020	47,000	1,481,163	1,528,163
Deductions	-	(38,917)	(38,917)
Balance – March 31, 2020	47,000	1,442,246	1,489,246
<b>Accumulated depreciation</b>			
Balance – January 1, 2020	47,000	140,765	187,765
Depreciation	-	50,267	50,267
Balance – March 31, 2020	47,000	191,032	238,032
<b>Net carrying amount – March 31, 2020</b>	<b>-</b>	<b>1,251,214</b>	<b>1,251,214</b>
<b>Net carrying amount – December 31, 2019</b>	<b>-</b>	<b>1,340,398</b>	<b>1,340,398</b>

#### Leases

The Corporation recognized a Right of Use ("ROU") asset and its related lease liability in connection with the head office lease and the demonstration plant facilities. The ROU asset is depreciated on a straight-line basis over the term of the lease, which is expected to mature in July 2028 and September 2023, respectively. As is common for such leases, the Corporation pays to the landlord its share of common costs that are expensed as incurred.

	Three months ended	
Lease liability	2020	March 31 2019
		\$
Balance – beginning of period	1,409,900	1,370,917
Deductions	(43,871)	-
Principal portion of lease payments	(24,604)	(14,883)
<b>Balance – End of period</b>	<b>1,341,425</b>	<b>1,356,034</b>
Current lease liability	108,505	66,626

## Dundee Sustainable Technologies Inc.

### Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

Non-current lease liability	1,232,920	1,289,408
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The consolidated statement of loss and comprehensive loss shows the following amounts relating to leases for the three months ended March 31, 2020:

		\$
Depreciation of ROU asset	12,331	-
Depreciation of ROU asset included in research and development	37,936	34,273
Interest expense included in finance cost	34,762	39,955

## 6. INTANGIBLE ASSETS

Intangible assets	Three months ended	
	March 31,	
Gross carrying amount	2020	2019
Balance – January 1 and March 31:	\$	\$
Intellectual properties – Oxide	605,000	605,000
Patent application fees – Oxide	129,474	129,474
Development cost – Oxide	5,809,233	5,809,233
Less: SR&ED tax credit	(1,929,894)	(1,929,894)
	4,613,813	4,613,813
<b>Accumulated amortization</b>		
Balance – January 1	576,727	115,345
Amortization	115,345	115,345
Balance – March 31	692,072	230,690
<b>Net carrying amount – March 31</b>	<b>3,921,741</b>	<b>4,383,123</b>

## 7. GOVERNMENT AND OTHER ASSISTANCE

In September 2017, the Corporation entered into a collaboration agreement with a related party (an entity under common control) 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 metal processing facility. As at December 31, 2019, the GlassLock™ demo plant completed its mandate. In March 2020, as part of the agreement and after the completion of the mandate, the customer exercised the option for a moratorium on the promotion of the technology for other copper smelter for a period of one year, in return for a payment of US\$1,000,000.

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 assisted the Corporation in constructing and operating the GlassLock™ demo plant at the metal processing facility. The construction of the Arsenic demo plant was completed in the fourth quarter of 2018, and it completed operations in the last 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 \$1,125,000 from the SDTC during the construction and operation of the arsenic vitrification plant. The contribution was recognized through comprehensive loss.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

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

#### 8.1 Promissory notes

The Corporation signed twelve promissory notes payable on demand to a wholly owned subsidiary of Dundee along with interest at a rate of 18% per annum. As at March 31, 2020, the principal amount of the promissory notes totaled \$5,884,000 (2019 – \$4,739,000) and the finance cost accrued during the three months ended March 31, 2020 amounted to \$241,298 (\$136,435 for the three months ended March 31, 2019).

Promissory notes	Three months ended March 31,	
	2020	2019
	\$	\$
Balance – beginning of period	5,731,100	2,950,905
Principal amount advanced	1,145,000	764,000
Finance costs accrued	241,298	136,435
<b>Balance – end of period</b>	<b>7,117,398</b>	<b>3,851,340</b>

#### 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 2019, the maturity date of the loans was extended to the earlier of November 30, 2020 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 March 31, 2020, the principal amount of the loans totaled \$8,310,000 (2019 – \$8,310,000).

Short-term loans	Three months ended March 31,	
	2020	2019
	\$	\$
Balance – beginning of period	13,814,573	12,760,865
Finance costs accrued	261,988	259,817
<b>Balance – end of period</b>	<b>14,076,561</b>	<b>13,020,684</b>

### 9 CONVERTIBLE DEBENTURE AND LOANS

#### 9.1 Convertible debenture

In May 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.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

The IQ Loan, which is evidenced by a secured convertible debenture, with a term of five years from its inception date, 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 three months ended March 31, 2020, the Corporation capitalized \$102,937 in interest (\$94,311 during the three months ended March 31, 2019). In May 2020, The Corporation reached an agreement with IQ to extend the maturity date of the loan from May 2020, to July 2020, to complete a five year term from the first advance received by the Corporation in July 2015 (Note 15).

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 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. The debentures have no equity component as the conversion price is equal to the closing market price of the shares on the day prior to conversion.

	Three months ended	
	March 31,	
	2020	2019
	\$	\$
Carrying amount of the liability – beginning of period	5,156,632	4,582,124
Capitalized interest expense	102,937	94,311
Amortization of convertible debenture discount	18,515	42,054
<b>Carrying amount of the liability – end of period</b>	<b>5,278,084</b>	<b>4,718,489</b>

### 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 on March 2020. CED advanced \$324,575 in December 2016 and the remaining balance of \$72,425 in May 2017.

The fair values of the debt 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. In February 2020, the Corporation started repaying the loan as stated in the agreement.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

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.

	Three months ended	
	March 31,	
	2020	2019
	\$	\$
Balance – beginning of period	260,841	232,430
Payments	(9,452)	-
Amortization of long-term debt discount	7,630	6,799
<b>Balance – end of year</b>	<b>259,019</b>	<b>239,229</b>
<b>Short-term portion</b>	56,714	-
<b>Long-term portion</b>	202,305	239,229
<b>Total</b>	<b>259,019</b>	<b>239,229</b>

## 10. SHARE CAPITAL

### Authorized

On March 31, 2020 and December 31 2019, 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.

On January 22, 2020, the Corporation consolidated its share capital on a twenty for one basis. A total of 314,942,521 Subordinate Voting Shares and 50,000,000 Multi-Voting Shares were issued and outstanding in the capital of the Corporation. Accordingly, after giving effect to the Consolidation on the basis of twenty existing Shares for one new Share, a total of 15,747,121 Subordinate Voting Shares and 2,500,000 Multi Voting Shares are now issued and outstanding in the capital of the Corporation.

## 11 WARRANTS

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

	Three months ended			
	March 31,			
	2020		2019	
	Number of	Carrying	Number of	Carrying
	warrants	amount	warrants	amount
		\$		\$
<b>Balance – Beginning and end of year</b>	<b>714,285</b>	<b>200,000</b>	<b>714,285</b>	<b>200,000</b>

The warrants' expiry date is November 23, 2022, and they are exercisable at a price of \$1.20 per common share.

## Dundee Sustainable Technologies Inc.

### Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

#### 12. STOCK OPTION PLAN

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

	Three months ended March 31,			
	2020		2019	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – beginning of period	973,750	1.65	1,067,625	1.67
Forfeited	(22,500)	1.33	(20,000)	1.00
<b>Balance – end of period</b>	<b>951,250</b>	<b>1.66</b>	<b>1,047,625</b>	<b>1.69</b>

As at March 31, 2020, outstanding options, all of which are exercisable, are as follows:

Number of options	Weighted average exercise price	Expiry date
	\$	
10,000	4.00	November 18, 2020
30,000	1.00	November 18, 2020
25,000	2.00	November 18, 2020
30,000	1.00	November 7, 2020
37,500	2.00	November 7, 2020
427,500	1.00	February 3, 2022
71,250	4.00	November 27, 2022
270,000	2.00	April 18, 2023
25,000	2.00	April 26, 2023
25,000	2.00	June 18, 2023
<b>951,250</b>		

The residual weighted average contractual term of outstanding options was 2.14 years as at March 31, 2020.

#### 13. RESEARCH AND DEVELOPMENT

	Three months ended March 31,	
	2020	2019
	\$	\$
Research and development	391,558	915,360
Recognition of a related party contribution through comprehensive loss as per eligible GlassLock demo plant expenditures incurred during the period	-	(366,239)
	<b>391,558</b>	<b>549,121</b>

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2020 and 2019

(Expressed in Canadian dollars)

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### 14. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31,	
	2020	2019
Finance cost paid	\$ -	\$ 909
Finance cost on lease payments	34,762	-

### 15. SUBSEQUENT EVENTS

#### *Convertible debenture*

In May 2020, the Corporation obtained an approval from IQ to extend the maturity date of its convertible debenture from May 15, 2020 to July 13, 2020 with all the other terms conditions remaining unchanged.