

# **Dundee Sustainable Technologies Inc.**

## Condensed Interim Consolidated Financial Statements (Unaudited)

As at and for the three months ended March 31, 2022.  
(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.

## Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Note	As at March 31, 2022 \$	As at December 31, 2021 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		897,313	457,716
Accounts receivable	4	628,557	478,768
R&D tax credit receivable		170,664	170,664
Other assets		124,910	110,230
Prepaid expenses		61,782	35,212
		1,883,226	1,252,590
<b>Non-current assets</b>			
Property, plant and equipment	5	802,526	839,840
Intangible assets	6	2,998,978	3,114,324
		3,801,504	3,954,164
<b>Total assets</b>		<b>5,684,730</b>	<b>5,206,754</b>
<b>Liabilities and Deficiency</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		1,059,608	1,025,562
Sales tax payable		17,499	21,791
Contract liabilities		33,074	255,326
Current portion of lease liability	5	129,831	121,041
Current portion of long-term debts	8	56,714	56,714
Current portion of convertible debenture	8	100,000	-
		1,396,726	1,480,434
<b>Non-current liabilities</b>			
Lease liability	5	840,354	878,764
Long-term debts	8	764,665	761,425
Promissory note from a related party	7	1,484,724	1,015,640
Loan from a related party	7	9,322,360	9,076,175
Convertible debenture	8	4,204,604	4,183,847
<b>Total liabilities</b>		<b>18,013,433</b>	<b>17,396,285</b>
<b>Deficiency</b>			
Share capital	9	68,907,882	68,533,937
Contributed surplus	10	9,300,272	9,039,217
Deficit		(90,536,857)	(89,762,685)
<b>Total deficiency</b>		<b>(12,328,703)</b>	<b>(12,189,531)</b>
<b>Total liabilities and deficiency</b>		<b>5,684,730</b>	<b>5,206,754</b>

### Going concern

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

## Dundee Sustainable Technologies Inc.

### Consolidated Statements of Loss and Comprehensive Loss

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars, except number of shares)

	Note	2022	2021
		\$	\$
Sale of services		1,076,691	713,153
<b>Expenses</b>			
Operating expenses related to services		775,774	623,456
Research and development, net of credits	12	257,413	255,173
Professional and consulting fees		47,579	112,742
Administrative		82,287	63,948
Wages and compensation		111,258	165,713
Shareholder communication		23,405	27,430
Depreciation of property, plant and equipment		6,860	6,860
Amortization of intangible assets		115,345	115,345
Total expenses		1,419,921	1,370,667
<b>Operating loss</b>		<b>(343,230)</b>	<b>(657,514)</b>
Other income		2,708	4,600
Finance income	7	19,557	-
Finance cost	7,8	(457,393)	(388,408)
Loss on foreign currency exchange		4,186	(27,893)
<b>Net loss and comprehensive loss</b>		<b>(774,172)</b>	<b>(1,069,215)</b>
<b>Basic and diluted net loss per share</b>		<b>(0.01)</b>	<b>(0.02)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>		<b>64,422,318</b>	<b>63,167,997</b>

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

## Dundee Sustainable Technologies Inc.

### Consolidated Statements of Changes in Deficiency

For the three months ended March 31, 2022 and 2021

(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, 2021</b>	9	<b>2,500,000</b>	<b>3,963,875</b>	<b>60,667,997</b>	<b>64,570,062</b>	<b>9,039,217</b>	<b>(89,762,685)</b>	<b>(12,189,531)</b>
Issuance of shares	9	-	-	3,527,777	635,000	-	-	635,000
Fair value warrants issuance					(261,055)	261,055	-	-
Net and comprehensive loss for the period		-	-	-	-	-	(774,172)	(774,172)
<b>Balance – March 31, 2022</b>		<b>2,500,000</b>	<b>3,963,875</b>	<b>64,197,774</b>	<b>64,944,007</b>	<b>9,300,272</b>	<b>(90,536,857)</b>	<b>(12,328,703)</b>

		Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Note	Number	\$	Number	\$	\$	\$	\$
<b>Balance – December 31, 2020</b>	9	<b>2,500,000</b>	<b>3,963,875</b>	<b>60,667,997</b>	<b>64,570,062</b>	<b>8,577,051</b>	<b>(86,374,030)</b>	<b>(9,263,042)</b>
Net and comprehensive loss for the period		-	-	-	-	-	(1,069,215)	(1,069,215)
<b>Balance – March 31, 2021</b>		<b>2,500,000</b>	<b>3,963,875</b>	<b>60,667,997</b>	<b>64,570,062</b>	<b>8,577,051</b>	<b>(87,443,245)</b>	<b>(10,332,257)</b>

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

# Dundee Sustainable Technologies Inc.

## Consolidated Statements of Cash Flows

For the three months period ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

	Note	2022 \$	2021 \$
<b>Operating activities</b>			
Net loss for the period		(774,172)	(1,069,215)
Adjusted for:			
Depreciation of property, plant and equipment	5	6,860	6,860
Depreciation of property, plant and equipment included in research and development	5	30,454	30,454
Amortization of intangible assets	6	115,345	115,345
Debt discounts	7	(19,557)	-
Amortization of debt discounts	7,8	119,039	92,350
Finance cost accrued	7,8	303,962	257,802
		(218,068)	(566,404)
Changes in non-cash operating working capital items:			
Accounts receivable		(148,789)	116,048
Sales tax receivable/payable		(4,292)	48,091
Other assets		(14,680)	7,906
Prepaid expenses		(26,570)	(31,735)
Accounts payable and accrued liabilities		34,046	64,865
Contract liabilities		(222,252)	1,010,014
		(383,537)	1,215,189
<b>Net cash (used) generated in operating activities</b>		<b>(601,605)</b>	<b>648,785</b>
<b>Financing activities</b>			
Principal elements of lease payments	5	(29,620)	(25,662)
Long-term debts payment	8	(14,178)	(14,178)
Issuance of shares		635,000	-
Promissory note from a related party		450,000	-
<b>Net cash provided by (used in) financing activities</b>		<b>1,041,202</b>	<b>(39,840)</b>
Net change in cash and cash equivalents during the period		439,597	608,945
Cash and cash equivalents – beginning of period		457,716	926,734
<b>Cash and cash equivalents – end of period</b>		<b>897,313</b>	<b>1,535,679</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 the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(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, the Corporation is in advanced discussions with several gold companies about including the CLEVR Process™ as part of new projects, as well as the GlassLock Process™. At March 31, 2022, Dundee Corporation (“Dundee”) was the principal and majority shareholder of the Corporation.

For the three months ended March 31, 2022, the Corporation incurred a loss of \$774,172 (\$1,069,215 for the three months ended March 31, 2021) and has a working capital of \$486,500 (2021 – a negative working capital of \$227,844). Deficit as at March 31, 2022 amounted to \$90,536,857 (2021 – \$89,762,685) and cash flows used in operating activities for the three months ended March 31, 2022 amounted to \$601,605 (cash generated by operating activities of \$648,785 for the three months ended March 31, 2021).

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through to March 31, 2023. 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 May 9, 2022, these condensed interim consolidated financial statements were approved by the Board of Directors

# Dundee Sustainable Technologies Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

### 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 preparation

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”), 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, 2021 which were prepared in accordance with IFRS as issued by the IASB.

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, 2021.

### 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim consolidated financial statements for the three months ended March 31, 2022 are made 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, 2021.

### 4. ACCOUNTS RECEIVABLE

Technical services receivable are generated from customers to evaluate processing alternatives using the Corporation’s processing facility.

	<b>As at March 31, 2022</b>	<b>As at December 31, 2021</b>
	\$	\$
Technical services	628,557	478,768
	<b>628,557</b>	<b>478,768</b>

## Dundee Sustainable Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

#### 5. PROPERTY, PLANT AND EQUIPMENT

	Vehicles and equipment	Right of use asset	Total
	\$	\$	\$
<b>Gross carrying amount</b>			
Balance – January 1, 2022	47,000	1,296,521	1,343,521
Balance – March 31, 2022	47,000	1,296,521	1,343,521
<b>Accumulated depreciation</b>			
Balance – January 1, 2022	47,000	456,681	503,681
Depreciation	-	37,314	37,314
Balance – March 31, 2022	47,000	493,995	540,995
<b>Net carrying amount – March 31, 2022</b>	-	<b>802,526</b>	<b>802,526</b>
<b>Net carrying amount – December 31, 2021</b>	-	<b>839,840</b>	<b>839,840</b>

#### Leases

The Corporation recognized a 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 September 2023 and July 2028, respectively. As is common for such leases, the Corporation pays to the landlord its share of common costs that are expensed as incurred.

Lease liability	Three months ended March 31	
	2022	2021
		\$
Balance – beginning of the year	999,805	1,108,605
Principal portion of lease payments	(29,620)	(25,662)
<b>Balance – end of the year</b>	<b>970,185</b>	<b>1,082,943</b>
Current lease liability	129,831	112,759
Non-current lease liability	840,354	970,184

The consolidated statement of loss and comprehensive loss shows the following amounts relating to leases for the three months ended March 31, 2022:

	Three months period ended March 31	
	2022	2021
		\$
Depreciation ROU asset	6,860	6,860
Depreciation ROU asset included in research and development	30,454	30,454
Interest expense included in finance cost	28,957	32,178

## Dundee Sustainable Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

#### 6. INTANGIBLE ASSETS

Intangible assets	Three months ended	
	2022	March 31, 2021
<b>Gross carrying amount</b>		
Balance – January 1 and December 31:	\$	\$
Intellectual properties	605,000	605,000
Patent application fees	129,474	129,474
Development cost	5,809,233	5,809,233
Less: SR&ED tax credit	(1,929,894)	(1,929,894)
	<b>4,613,813</b>	<b>4,613,813</b>
<b>Accumulated amortization</b>		
Balance – January 1	1,499,489	1,038,108
Amortization	115,346	115,345
Balance – March 31	1,614,835	1,153,453
<b>Net carrying amount – March 31</b>	<b>2,998,978</b>	<b>3,460,360</b>

#### 7. PROMISSORY NOTES AND LOANS FROM A RELATED PARTY

##### 7.1 Promissory notes

On September 16, 2020 and September 8, 2021, and January 6, 2022 the Corporation signed three promissory notes in the principal amounts of \$450,000, \$550,000 and \$450,000 respectively, payable to a wholly owned subsidiary of Dundee. The promissory notes have a maturity date of July 13, 2023 along with interest at a rate of 8% per annum. As at March 31, 2022, the principal amount of the promissory note totaled \$1,450,000 (2021 – \$1,000,000) and the finance cost accrued during the three months ended March 31, 2022 amounted to \$29,437 (\$8,876 for the three months ended March 31, 2021). The fair value of the promissory note was estimated at \$414,266, \$521,043 and \$430,443 respectively, using an effective rate of 11% corresponding to a rate that the Corporation would have obtained for a similar financing with a third party. The discounted amount was recognized as finance income in the consolidated statement of loss.

Promissory notes	Three months ended	
	2022	March 31, 2021
	\$	\$
Balance – beginning of period	1,015,640	427,591
Principal amount advanced	450,000	-
Finance cost accrued	29,437	8,876
Promissory note discounted at fair value	(19,557)	-
Amortization of promissory note discount	9,204	2,513
<b>Balance – end of period</b>	<b>1,484,724</b>	<b>438,980</b>

##### 7.2 Loans from a related party

The Corporation held 2 short-term loans, from a wholly owned subsidiary of Dundee, bearing interest at the rate of 12.68% per annum and 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

# Dundee Sustainable Technologies Inc.

## Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

On July 31, 2020, the Corporation entered into a debt settlement agreement with respect to its short-term debt to convert a total of \$5,940,384 of its debt into subordinate voting shares. As part of the debt settlement agreement, the remaining portion of the debt owed to Dundee by the Corporation, totaling an amount of \$8,484,534, was consolidated with the reduction of the interest from 12.68% to 8% per year, as well as the extension of the maturity date to July 13, 2023. The fair value of the loan was estimated at \$7,781,253 using an effective rate of 11% corresponding to a rate that the Corporation would have obtained for a similar financing with a third party. The discounted amount of \$703,281 was recognized as finance income in the consolidated statement of loss during that year.

As at March 31, 2022, the principal amount of the loan totaled \$8,484,534 (2021 – 8,484,534) and the finance cost accrued during the three months ended March 31, 2022 amounted to \$187,261 (\$167,366 for the three months ended March 31, 2021).

<b>Short-term loans</b>	<b>Three months ended</b>	
	<b>March 31,</b>	
	<b>2022</b>	<b>2021</b>
	\$	\$
Balance – beginning of period	9,076,175	8,142,799
Finance cost accrued	187,261	167,366
Amortization of promissory note discount	58,924	47,868
<b>Balance – end of period</b>	<b>9,322,360</b>	<b>8,358,033</b>

## 8 CONVERTIBLE DEBENTURE AND LOANS

### 8.1 Convertible debenture

In 2015, the Corporation signed a secured convertible debenture with IQ (the “IQ Loan”) for a total amount of \$4,000,000. The IQ Loan had a term of five years from its inception date, bearing interest at a rate of 8% per annum, payable quarterly, and with a conversion right 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. 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.

On July 31, 2020, the Corporation entered into a debt settlement agreement with IQ, with respect to the settlement of a portion of the debt by the issuance of subordinated voting shares in the capital of the Corporation to IQ. At the date of the conversion, the principal amount of the debenture totaled \$4,000,000 and the finance cost accrued amounted to \$1,418,368. According to the terms of the debt settlement agreement, IQ has agreed to convert \$1,418,368 of its debt in exchange for 4,298,082 consideration shares in the capital of the Corporation, both using a conversion price of \$0.33 per share based on the 20-day volume-weighted average price of the shares. The Guarantee from Dundee in favor of IQ has been reduced to \$1,250,000.

The remaining debt totalling an amount of \$4,000,000 has been amended providing an extension of the maturity date to July 13, 2023.

The fair value of the amended debt was estimated at \$3,673,442 using an effective rate of 11% corresponding to a rate that the Corporation would have obtained for a similar non-subsidized financing. The discounted amount of \$326,558 was recognized as finance income in the consolidated statement of loss. During the three months ended March 31, 2022, the Corporation accrued \$87,264 in interest (\$81,560 during the three months ended March 31, 2021).

## Dundee Sustainable Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

	Three months ended	
	March 31,	
	2022	2021
	\$	\$
Carrying amount of the liability – beginning of period	4,183,847	3,784,602
Finance costs accrued	87,264	81,560
Amortization of convertible debenture discount	33,493	28,662
<b>Carrying amount of the liability – end of period</b>	<b>4,304,304</b>	<b>3,894,824</b>

#### 8.2 Long-term IQ Innovation loan

On July 15, 2020, the Corporation received a loan offer from IQ for a total amount of \$1,107,500. The loan has been granted under IQ's Support for Innovation Program and will be used by the Corporation to apply against business development expenses (the "IQ Innovation Loan"). IQ advanced \$428,100 on December 14, 2020, and \$296,806 on August 9, 2021. The fair value of the advances were estimated at \$316,662 and \$229,144 respectively, using an effective rate of 11% corresponding to a rate that the Corporation would have obtained for a similar non-subsidized financing.

The IQ Innovation Loan will mature six years since the initial disbursement and will bear interest at a rate of 3.04% per annum. The Corporation benefits from a 24-month moratorium period on the repayment of capital since the first disbursement, after which, the capital will be reimbursed in 48 monthly installments. The IQ Innovation Loan is secured by a second-degree hypothec over all of the Corporation's property other than the intellectual property. The finance cost paid during the three months ended March 31 2022, amounted to \$5,434 (\$5,521 for the three months ended March 31, 2021).

	Three months ended	
	March 31,	
	2022	2021
	\$	\$
Carrying amount of the liability – beginning of period	576,806	317,718
Amortization of convertible debenture discount	10,428	5,529
<b>Carrying amount of the liability – end of period</b>	<b>587,234</b>	<b>323,247</b>

#### 8.3 Long-term 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.

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.

## Dundee Sustainable Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

	Three months ended	
	March 31,	
	2022	2021
	\$	\$
Balance – beginning of period	241,333	268,085
Payments	(14,178)	(14,178)
Amortization of long-term debt discount	6,989	7,779
<b>Balance – end of period</b>	<b>234,144</b>	<b>261,686</b>
<b>Current portion</b>	56,714	56,714
<b>Non-current portion</b>	177,430	<b>204,972</b>
<b>Total</b>	<b>234,430</b>	<b>261,686</b>

## 9. SHARE CAPITAL

### 9.1 Authorized

On March 31, 2022 and December 31, 2021, 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.

### 9.2 Issued and outstanding

#### Three months ended March 31, 2022

On March 1, 2022, the Corporation issued 3,527,777 units at \$0.18 per unit for total consideration of \$635,000 pursuant to a non-brokered private placement. A unit consists of one common share and one common share purchase warrant, with each warrant entitling its holder to purchase a common share at \$0.31 until February 28, 2027. The fair value of the 3,527,777 warrants was estimated using the Black-Scholes option pricing model based on the following assumptions: risk-free interest rate of 1.64%, average expected volatility of 111.1%, expected dividend per share nil and expected life of warrants of five years. The fair value of the warrants issued estimated at \$261,055 was deducted from share capital and recorded as an increase in contributed surplus.

## Dundee Sustainable Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

#### 10 WARRANTS

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

	2022		Three months ended March 31, 2021	
	Number of warrants	Carrying amount \$	Number of warrants	Carrying amount \$
Balance – beginning	714,285	200,000	714,285	200,000
Issued	3,527,777	261,055	-	-
<b>Balance – end</b>	<b>4,242,062</b>	<b>461,055</b>	<b>714,285</b>	<b>200,000</b>

As at March 31, 2022, outstanding options are as follows:

Number of warrants	Weighted average exercise price \$	Expiry date
714,285	1.20	November 23, 2022
3,527,777	0.31	February 28, 2027
<b>4,242,062</b>	<b>Outstanding</b>	

#### 11. STOCK OPTION PLAN

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

	2022		Three months ended March 31, 2021	
	Number of options	Weighted average exercise price \$	Number of options	Weighted average exercise price \$
Balance – beginning of period	5,435,000	0.53	5,477,500	<b>0.53</b>
Forfeited	(405,000)	1.00	(3,750)	<b>4.00</b>
<b>Balance – end of period</b>	<b>5,030,000</b>	<b>0.48</b>	<b>5,473,750</b>	<b>0.53</b>

## Dundee Sustainable Technologies Inc.

### Notes to the Condensed Interim Consolidated Financial Statements

For the three months ended March 31, 2022 and 2021

(Expressed in Canadian dollars)

As at March 31, 2022, outstanding options are as follows:

Number of options	Weighted average exercise price	Expiry date
	\$	
242,500	0.64	March 31, 2022 <sup>(1)</sup>
347,083	0.44	October 29, 2022
46,250	4.00	November 27, 2022
202,500	2.00	April 18, 2023
25,000	2.00	June 18, 2023
2,600,000	0.35	September 29, 2025
<b>3,463,333 Exercisable</b>		
1,566,667	0.35	September 29, 2025
<b>5,030,000 Outstanding</b>		

<sup>(1)</sup>The options were not exercised before the expiry date.

The residual weighted average contractual term of outstanding options was 2.83 years as at March 31, 2022.

#### 12. RESEARCH AND DEVELOPMENT

	Three months ended March 31,	
	2022	2021
	\$	\$
Research and development	257,413	267,173
Tax credit and other government subsidies	-	(12,000)
	<b>257,413</b>	<b>255,173</b>

#### 13. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended March 31,	
	2022	2021
	\$	\$
Finance cost paid	23,111	6,077
Finance cost on lease payments	124,038	32,178