

# Dundee Sustainable Technologies Inc.

Management's Discussion and Analysis

For the three months ended March 31, 2024

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# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

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FOR THE THREE MONTHS ENDED MARCH 31, 2024

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## BACKGROUND

This Management's Discussion and Analysis ("MD&A") of Dundee Sustainable Technologies Inc. ("DST" or the "Corporation") constitutes management's review of the factors that affected the Corporation's financial and operating performance for the three months ended March 31, 2024.

This MD&A should be read in conjunction with the Corporation's audited consolidated financial statements, including the notes thereto, as at and for the year ended December 31, 2023 (the "2023 Audited Consolidated Financial Statements"), together with the accompanying MD&A for the year then ended, and with the unaudited condensed interim consolidated financial statements of the Corporation as at and for the three months ended March 31, 2024 (the "March 2024 Interim Consolidated Financial Statements"), all of which have been prepared using International Financial Reporting Standards ("IFRS").

This MD&A takes into account all material events that took place up until May 13, 2024, the date on which the Corporation's Board of Directors approved this MD&A. Unless otherwise noted, all figures are in Canadian dollars, the presentation and functional currency.

Additional information regarding the Corporation is available on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and on the Corporation's website at [www.dundeetechnologies.com](http://www.dundeetechnologies.com).

## INCORPORATION AND NATURE OF OPERATIONS

### *Incorporation*

The Corporation was incorporated under the Canada Business Corporations Act on July 22, 1997. The Corporation's head office is located at 3700 Rue du Lac Noir, Thetford Mines, Quebec, Canada, G6H 1S9.

The authorized capital of the Corporation consists of an unlimited number of subordinate voting shares and multiple voting shares, each multiple voting share having 10 votes.

Dundee Corporation ("Dundee") retains multiple voting shares of the Corporation, which are convertible, at the option of Dundee, into subordinate voting shares of the Corporation for no additional consideration. The multiple voting shares of the Corporation are not listed on a stock exchange.

As at March 31, 2024, Dundee owns 49.5 million subordinate voting shares and all of the 2.5 million multiple voting shares of the Corporation giving Dundee an 77% equity interest and an 84% voting interest in the Corporation. In addition, Dundee was owed \$15.6 million in debt, including accrued interest.

### *Overview*

The Corporation is engaged in the commercialization of environmentally responsible technologies for the treatment of complex materials from the mining industry. Through the development of patented, proprietary processes, the GlassLock Process™ and the CLEVR Process™, the Corporation extracts precious and base metals from ores and concentrates, while stabilizing contaminants such as arsenic, a major and increasing contaminant within the industry.

### *GlassLock Process™*

DST has designed, built, and patented a method for the permanent stabilization of arsenic from numerous sources, including, but not limited to, arsenopyrite, enargite, cobaltite, flue dusts and environmental remediation. This process is an attractive technique to permanently stabilize arsenic and does so at a significantly lower cost than current alternatives, such as crystalline ferric arsenate or scorodite. This presents the Corporation with numerous opportunities to process materials considered too toxic or uneconomic to be exploited or stabilized using conventional processing methods.

### *CLEVR Process™*

DST has also developed an advanced proprietary process for the extraction of precious and base metals using sodium hypochlorite to provide a cyanide-free alternative for the exploitation of gold deposits. The primary benefit of this innovative technology is a significantly shorter processing time (1-2 hours) as compared to the cyanide (24-48 hours). In addition, the CLEVR Process™ operates in a fully closed-loop. A key benefit of the closed loop operation is the elimination of the need for costly and environmentally risky tailing ponds. It also provides a reduction of the environmental footprint and produces a dry stacked, inert and stable cyanide-free tailing.

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The Corporation has protected its intellectual property by filing patents during the development of its technologies. To date, the Corporation has applied or has been granted patents on 14 different processes, and it has 38 patents granted, published, pending or filed in 16 different countries. These patents expire between 2027 and 2039. The Corporation is in the process of expanding its patent portfolio for both processes and additional jurisdictions as warranted.

Inherent in the commercialization of these processes is significant technology development risk. Each of these processes may require significant additional development, testing and investment prior to final commercialization. There can be no assurance that such technologies will be successfully commercialized, or that output from any use of the Corporation's processes could be produced at a commercial scale at reasonable costs or successfully marketed.

## **OPERATIONS DURING 2024**

### ***GlassLock Process™***

Using its GlassLock Process™, arsenic, which is a significant and dangerous waste product from the mining industry, can be safely and permanently vitrified in a glass form for safe disposal at the mine site, smelter or in remediation operations. The Corporation successfully demonstrated its GlassLock Process™ onsite at an operating copper smelting in Namibia, Africa. This demonstration project represented an important milestone for the GlassLock Process™ technology and its application on a large-scale operation.

### ***CLEVR Process™***

The Corporation is also commercializing its CLEVR Process™ to address the growing pressure from communities and governmental authorities over the use of cyanide in gold operations. This proprietary process for the extraction of precious metals uses sodium hypochlorite as an alternative to sodium cyanide for the extraction of gold in mining operations. DST successfully demonstrated its CLEVR Process™ onsite a purposely built industrial demonstration plant located in Thetford Mines, Quebec.

### ***Technical Services***

DST operated its technical services business and under the terms of these contracts, the Corporation provided technical services to projects related to its primary Technologies.

## **BUSINESS STRATEGY**

The growing pressure from communities and government authorities over the use of cyanide in various jurisdictions around the world is forcing developing gold projects to seek alternative processes that can extract the gold without the environmental liabilities associated with cyanide, while maintaining control over the deleterious elements such as arsenic, mercury and antimony.

DST offers a competitive alternative to the cyanidation process. Technologies are at the forefront of the mining industry's innovative extraction processes and cater to the worldwide growing need for extractive technologies capable of processing refractory and arsenic bearing material. This alternative provides DST leverage to access quality material including material from metallurgical or environmentally constrained deposits.

DST's business plan is focused on controlling both of its Technologies and leveraging them to become a major player in the industry. The Corporation has a unique opportunity to emerge as a stakeholder in multiple mining projects. In the immediate term, DST is focused on advancing its discussions with major gold and copper producing companies on building alternative processing and stabilization processes. The Corporation is currently processing test material for a number of customers. Assuming successful results, the next step is to negotiate the business terms with those customers for commercializing its Technologies.

The Technologies that the Corporation has developed with respect to complex deposits will allow for the development and/or advancement of mining projects that would not be viable without its patented Technologies due to cyanide use and environmental and/or metallurgical constraints. The commercialization of the Corporation's Technologies would enable mining companies to advance those projects which are currently constrained because of the refractory or toxic nature of their deposits. Discussions are ongoing with a number of mining companies to help advance these otherwise stranded deposits.

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## OUTLOOK FOR 2024

The Corporation continues to move towards the commercialization of its Technologies and seeking to maximize the value of all of its assets to accelerate this growth. The Corporation has numerous initiatives that it will execute to ensure success.

### ***Glasslock Process™***

The Corporation is working on a GlassLock Process™ commercialization project with a top-tier gold producer in Ghana. During 2023, DST completed the detailed engineering and is expected, following approval of the gold producer's investment committee, to initiate the procurement and construction phase in 2024.

The client's site contains legacy flue dusts contaminated by arsenic but also contains recoverable gold. The Corporation successfully demonstrated its ability to extract gold and stabilize the arsenic using its GlassLock Process.

### ***CLEVR Process™***

The Corporation is working with top tier gold producers, such as Newmont Corporation ("Newmont"), on selected projects. DST is developing and demonstrating, via dedicated work programs with gold producers the applicability and efficiency of the CLEVR Process™. The work programs and scope are designed to favour and accelerate the commercialization and onsite implementation of the CLEVR Process™.

The Corporation entered into a project with Enim Technologies Holding Inc ("Enim"), a company working on a technology deployment for the treatment of electronic waste material ("e-waste") using the CLEVR Process™. The objective is to provide a novel e-waste treatment circuit which incorporates DST's CLEVR Process™ for the recovery of gold, silver and palladium. The e-waste pilot plant is located in Thetford Mines at DST's technical facilities.

## INFORMATION ON EQUITY

The authorized capital of the Corporation consists 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 ten votes for each multiple voting share. The holders of subordinate voting shares and multiple voting shares shall be entitled to receive and to participate equally as to dividends, share for share, in an equal amount on all the subordinate voting shares and multiple voting shares at the time outstanding. The holder of multiple voting shares shall be entitled at any time and from time-to-time to have any or all of the multiple voting shares converted into subordinate voting shares based on one subordinate voting share for each multiple voting share. In all other respects, the holders of subordinate voting shares and multiple voting shares shall rank equally and the same rights and restrictions.

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	<b>May 13, 2024</b>
Subordinate voting shares issued	64,195,774
Options	2,250,000
Warrants	3,527,777
<b>Total – fully diluted subordinate voting shares</b>	<b>69,973,551</b>
<hr/>	
<b>Multiple voting shares issued (each multiple voting share has 10 votes)</b>	<b>2,500,000</b>

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(1) At May 13, 2024, Dundee owned 49.5 million subordinate voting shares of the Corporation (77.18%) and all of the outstanding multiple voting shares.

## STOCK OPTION PLAN

The Board of Directors of the Corporation has full and final discretion to designate the persons who are to be granted options and to determine such number of options as well as their exercise price and vesting period. The exercise price shall not be less than that permitted under the rules of any stock exchange on which the subordinate voting shares are listed. The purpose of the stock option plan is to serve as an incentive for the

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directors, officers, employees and service providers who will be motivated by the Corporation's success as well as to promote ownership of common shares of the Corporation by these people. There is no performance indicator relating to profitability or risk attached to the plan.

## **FINANCING ACTIVITIES**

### **Three months ended March 31, 2024**

#### *On-demand loan agreement from a related party*

On February 15, 2024, the Corporation entered into a on-demand loan agreement in the principal amount of \$550,000 payable to a wholly owned subsidiary of Dundee. The Loan has a maturity date of September 1, 2024, along with interest at a rate of 13% per annum. As at March 31, 2024, the principal amount of the loan totaled \$550,000 and the finance cost accrued during the three month period ended March 31, 2024 amounted to \$8,986.

#### *Contribution Agreement*

In 2016, the Corporation received from Canada Economic Development for Quebec Regions ("CED") a \$397,000 repayable contribution (the "CED Contribution"). During the three months ended March 31, 2024, the Corporation repaid a total of \$14,178 (2023 – \$14,178) of the principal amount.

#### *IQ Innovation Loan*

During the three months period ended March 31, 2024, the Corporation repaid to Investissement Quebec ("IQ") a total of \$69,216 (2023 - \$69,216) of the principal amount.

### **Three months ended March 31, 2023**

#### *Promissory note from a Related Party*

On January 12, 2023, the Corporation signed a new promissory note in the principal amount of \$2,000,000, payable to a wholly owned subsidiary of Dundee. The promissory note had a maturity date of July 13, 2023 along with interest at a rate of 8% per annum. On July 13, 2023, the Corporation obtained an approval from Dundee to extend the maturity date of its promissory notes from July 13, 2023 to May 15, 2025.

## **INVESTING ACTIVITIES**

No investing activities were performed during the three months ended March 31, 2024.

## **LIQUIDITY, GOING CONCERN AND WORKING CAPITAL**

On March 31, 2024, the working capital position of the Corporation was a negative \$555,099 (\$63,123 as at December 31, 2023). Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through the twelve months ended March 31, 2025. The above-noted facts and circumstances cast significant doubt on the Corporation's ability to continue as a going concern. The Corporation will periodically have to raise additional funds to continue operations. The Corporation is pursuing financing alternatives to fund its operations and working towards developing its activities to operate 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 and commercial activities, that it will be able to secure the necessary financing. Financings could be completed through the issuance of debt or new equity in public or privately negotiated equity offering. While it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

## **DISCUSSION AND ANALYSIS OF OPERATIONS**

### ***Revenues***

During the three months ended March 31, 2024, the Corporation processed material for a number of customers, including major gold producers, for testing of ores and concentrates using the Corporation's Technologies. As well, exploration and development companies in other commodities such as aluminum, nickel, graphite and lithium utilized the Corporation's facilities and highly skilled personnel for the advancement of their projects.

The Corporation provided its technical expertise and its facilities to these companies to evaluate the development of their projects using the Corporation's Thetford Mines facilities including its CLEVR Process for precious metal extraction and/or its GlassLock Process. The technical services may serve to demonstrate the efficiency of the Corporation's facilities and technical staff at the laboratory and/or pilot scales on specific projects in need of viable processing alternatives and initiate engineering studies required for an industrial implementation.

Revenues totaled \$687,434 during the three months ended March 31, 2024 (2023 - \$745,599) with related costs of \$394,938 (2023 - \$632,305) recorded under operating expenses related to these services. Revenues by line of business were as below:

	Three months ended	
	March 31,	
	2024	2023
	\$	\$
GlassLock Process	17,220	53,812
CLEVR Process	591,183	10,065
Technical services	79,031	681,722
	<b>687,434</b>	<b>745,599</b>

The increase in CLEVR process revenues and decrease in Technical services is due to the sale of the non-strategic operations and assets in July 2023 to focus on core technical services like the Enim project.

#### ***Operating expenses***

The major components of the operating expenses are as follows:

	Three months ended	
	March 31,	
	2024	2023
	\$	\$
Labour	247,733	292,613
Consultants	43,134	73,991
Consumables	19,529	66,942
Plant overhead	84,540	198,759
	<b>394,938</b>	<b>632,305</b>

#### ***Technology development***

During the three months ended March 31, 2024, the Corporation incurred technology development cost of \$235,716 (2023 – \$249,910). These costs relate to research activities at the laboratory, patent maintenance and plant overhead.

The Corporation periodically receives reimbursement of project expenses generated under collaboration agreements and financial assistance under government incentive programs. These compensate the Corporation for expenses incurred and are normally recognized as a reduction to research and development expense on a systematic basis in the same periods in which the expenses are incurred. On a net-of-assistance basis, research and development amounted to \$176,464 (2023 – \$249,910).

	Three months ended	
	March 31,	
	2024	2023
	\$	\$
Plant expenses	219,463	237,503
Patent maintenance	16,253	12,407
Technology development	235,716	249,910
Tax credit and other government subsidies	(59,252)	-
<b>Technology development expenses, net</b>	<b>176,464</b>	<b>249,940</b>

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**Professional and consulting fees**

	Three months ended	
	March 31,	
	2024	2023
	\$	\$
Legal	200	37,562
Audit, audit related work and tax compliance	157,825	145,300
Accounting	-	26,257
Other	117,596	93,656
	<b>275,621</b>	<b>302,775</b>

**Administrative expenses**

	Three months ended	
	March 31,	
	2024	2023
	\$	\$
Insurance	36,989	37,693
Rent and lease operating expenses	4,292	8,997
Website and technical support	7,488	12,934
Travel and accommodations	7,197	7,718
Telecommunications and others	4,939	6,600
	<b>60,905</b>	<b>73,942</b>

**Wages and compensation**

	Three months ended	
	March 31,	
	2024	2023
	\$	\$
Employees	138,733	120,997
Director fees	6,000	6,000
	<b>144,733</b>	<b>126,997</b>

**Other (Gains) and Losses**

	Three months ended	
	March 31,	
	2024	2023
	\$	\$
Interest expenses on:		
Dundee loans and Dundee promissory notes	319,541	279,801
Dundee accretion expense	164,446	110,647
IQ loan	106,806	100,378
IQ loan accretion expense	73,394	56,045
CED Contribution accretion expense	5,104	6,102
Interest expense on leases	-	25,247
Other interest expense	2,321	1,863
Finance income on debt valuation	-	(57,667)
	<b>671,612</b>	<b>522,416</b>

**SELECTED QUARTERLY INFORMATION**

The following table sets forth selected historical financial information for the Corporation from the last eight quarters. Such information is derived from the Corporation's interim unaudited consolidated financial statements prepared in accordance with IFRS Accounting Standards.

	Q1-24	Q4-23	Q3-23	Q2-23
	\$	\$	\$	\$
Total revenues	687,434	266,692	1,121,486	1,012,352
Operating income (loss)	(525,991)	1,197,374	(418,411)	(646,618)
Net income (loss) and comprehensive income (loss)	(1,285,081)	(1,174,042)	1,514,294	(1,278,184)
Basic and diluted net income (loss) per share	(0.02)	(0.01)	0.02	(0.02)
	Q1-23	Q4-22	Q3-22	Q2-22
	\$	\$	\$	
Total revenues	745,599	813,106	987,307	987,306
Operating income (loss)	(797,510)	(472,770)	(524,995)	(546,100)
Net income (loss) and comprehensive income (loss)	(1,325,771)	(1,074,302)	(918,942)	(1,007,511)
Basic and diluted net income (loss) per share	(0.02)	(0.02)	(0.01)	(0.02)

For the quarter ended September 30, 2023, Operating loss was overstated by \$646,681 as a result of a recovery of in-kind contribution expenses provided to an associate, which should have been accounted for during the three months period ended on September 30, 2024, rather than in the last quarter. The net loss and comprehensive loss for that period is adequately presented as the Corporation should have recognized a loss on investment in associate for the same amount. For the year ended December 31, 2024, the operating loss and the net loss and comprehensive loss are adequately accounted for.

#### OFF BALANCE SHEET ARRANGEMENTS

The Corporation did not enter into any off-balance sheet arrangements during the three months ended March 31, 2024 and 2023.

#### SUBSEQUENT EVENT

##### *Promissory note*

On April 26, 2024, the Corporation received the funds of a promissory note (the "Note") in the principal amount of \$150,000 payable to a wholly owned subsidiary of Dundee. The Note has a maturity date of December 31, 2024, along with interest at a rate of 13% per annum.

##### *Loan receivable to an associate*

On April 29, 2024, the Corporation provided a short-term loan (the "Loan") to its associate Enim Technologies Holding Inc. for a total amount of \$150,000. The Loan is bearing interest of a prime rate plus 10%, payable monthly. The Loan is secured and has a due date of December 31, 2024.

#### CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The contractual obligations of the Corporation include lease agreement for the Thetford Mines facilities (Refer to Note 6 to the consolidated financial statements for the years ended December 31, 2023 and 2022).

#### ACCOUNTING POLICY CHANGES, CRITICAL ESTIMATES, JUDGMENTS AND ASSUMPTIONS

The preparation of financial statements in conformity with IFRS Accounting Standards requires management to make estimates and assumptions that affect amounts reported in the consolidated financial statements and accompanying notes. There is a full disclosure and description of the Corporation's critical accounting policies, estimates, judgments, assumptions in the annual consolidated financial statements for the years ended December 31, 2023 and 2022 in notes 1, 2 and 3.

#### FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS

The Corporation is exposed to various financial risks resulting from both its operations and its investments activities. The Corporation does not enter into financial instrument agreements including derivative financial instruments for speculative purposes. The Corporation's main financial risk exposure and its financial risk

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management policies are disclosed in Note 16 to the annual consolidated financial statements for the years ended December 31, 2023 and 2022.

## **RISKS AND UNCERTAINTIES**

Except as otherwise disclosed in this MD&A, there have been no significant changes to the nature and scope of the risks faced by the Corporation from those described in the 2023, MD&A of the Corporation. These business risks should be considered by interested parties when evaluating the Corporation's performance and its outlook.

## **FORWARD LOOKING STATEMENTS**

DST's public communications may include written or oral forward-looking statements. Statements of this type are included in this MD&A and may be included in other filings with the Canadian regulators, stock exchanges or in other communications. All such statements constitute forward looking information within the meaning of securities law and are made pursuant to the "safe harbour" provisions of applicable securities laws. Forward looking statements may include, but are not limited to, statements about anticipated future events or results including comments with respect to the Corporation's objectives and priorities for 2024 and beyond, and strategies or further actions with respect to the Corporation, its products and services, business operations, financial performance and condition. Forward looking statements are statements that are predictive in nature, depend upon or refer to future events or conditions or include words such as "expects", "anticipates", "intends", "plans", "believes", "estimates" or similar expressions concerning matters that are not historical facts. Such statements are based on current expectations of the Corporation's management and inherently involve numerous risks and uncertainties, known and unknown, including economic factors and those affecting the technology and resources industries generally. The forward-looking information contained in this MD&A is presented for the purpose of assisting shareholders in understanding business and strategic priorities and objectives as at the periods indicated and may not be appropriate for other purposes.

A number of risks, uncertainties and other factors may cause actual results to differ materially from the forward-looking statements contained in this MD&A, including, among other factors and without limitation, those referenced in the section above entitled "Risks and Uncertainties". The preceding list is not exhaustive of all possible risk factors that may influence actual results and is compiled based upon information available as of the issuance date of this MDA.

Forward looking statements contained in this MD&A are not guarantees of future performance and, while forward looking statements are based on certain assumptions that the Corporation considers reasonable, actual events and results could differ materially from those expressed or implied by forward looking statements made by the Corporation. Prospective investors are cautioned to consider these and other factors carefully when making decisions with respect to the Corporation and not place undue reliance on forward looking statements. Circumstances affecting the Corporation may change rapidly. Except as may be required by applicable law, the Corporation does not undertake any obligation to update publicly or revise any such forward looking statements, whether as a result of new information, future events or otherwise.

## **ADDITIONAL INFORMATION CONCERNING DST**

Additional information relating to Dundee Sustainable Technologies may be found on SEDAR+ at [www.sedarplus.ca](http://www.sedarplus.ca) and the Corporation's website at <http://www.dundeetechnologies.com>.

May 13, 2024

*(s) Jean-Philippe Mai*  
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Jean-Philippe Mai  
President and CEO

*(s) Arved Marin*  
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Arved Marin  
CFO