

Dundee Sustainable Technologies Inc.

Condensed Interim Consolidated Financial Statements (Unaudited)

As at and for the six months ended June 30, 2024.
(Expressed in Canadian dollars)

NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

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

The Corporation's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Dundee Sustainable Technologies Inc.

Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Note	As at June 30, 2024	As at December 31, 2023
		\$	\$
Assets			
Current assets			
Cash and cash equivalents		348,858	433,425
Accounts receivable	4	1,099,493	586,368
R&D tax credit receivable		207,001	103,000
Sales taxes		-	76,511
Short-term loan to a related party	5	150,000	-
Other assets and prepaid expenses		72,616	68,424
		1,877,968	1,267,728
Non-current assets			
Investment in associate	6	-	98,123
Property, plant and equipment	7	141,487	159,173
Intangible assets	8	1,960,879	2,191,569
		2,102,366	2,448,865
Total assets		3,980,334	3,716,593
Liabilities and Deficiency			
Current liabilities			
Accounts payable and accrued liabilities		1,081,614	976,547
Sales tax payable		16,563	-
Contract liabilities		39,507	20,726
Current portion of long-term debts	10	333,578	333,578
On-demand loans from a related party	9	1,240,247	-
Loan from a related party	9	11,082,004	-
Promissory note from a related party	9	4,472,748	-
Convertible debenture	10	5,030,261	-
		23,296,522	1,330,851
Non-current liabilities			
Long-term debts	10	452,999	583,950
Promissory note from a related party	9	-	4,195,050
Loan from a related party	9	-	10,394,158
Convertible debenture	10	-	4,703,970
Total liabilities		23,749,521	21,207,979
Deficiency			
Share capital	11	68,907,882	68,907,882
Contributed surplus	12	9,847,347	9,402,047
Deficit		(98,524,416)	(95,801,315)
Total deficiency		(19,769,187)	(17,491,386)
Total liabilities and deficiency		3,980,334	3,716,593
Going concern	1		

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 and six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars, except number of shares)

	Note	Three months ended June 30,		Six months ended June 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
Sale of services		645,740	1,012,352	1,333,174	1,757,951
Expenses					
Operating expenses related to services	6	362,682	820,590	757,620	1,452,895
Research and development, net of credits	14	106,801	240,620	283,265	490,530
Professional and consulting fees		131,123	238,207	406,744	540,982
Administrative		62,371	72,334	123,276	146,276
Wages and compensation		137,706	148,998	282,439	275,995
Shareholder communication		16,949	16,016	62,368	50,991
Shared-based payments		445,300	-	445,300	-
Depreciation of property, plant and equipment		-	6,859	-	13,719
Amortization of intangible assets		115,346	115,346	230,691	230,691
Total expenses		1,378,278	1,658,970	2,591,703	2,202,079
Operating loss		(732,538)	(646,618)	(1,258,529)	(1,444,128)
Share of loss for equity accounted investment	6	-	-	(98,123)	-
Finance income	9	4,241	30	4,261	57,697
Finance cost	9,10	(711,984)	(605,749)	(1,383,596)	(1,185,832)
Gain (loss) on foreign currency exchange		2,261	(25,847)	12,886	(31,692)
Net loss and comprehensive loss		(1,438,020)	(1,278,184)	(2,723,101)	(2,603,955)
Basic and diluted net loss per share		(0.02)	(0.02)	(0.04)	(0.04)
Weighted average number of shares outstanding – basic and diluted		66,695,774	66,695,774	66,695,774	65,565,326

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

Dundee Sustainable Technologies Inc.

Consolidated Statements of Changes in Deficiency

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars, except number of shares)

		Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Note	Number	\$	Number	\$	\$	\$	\$
Balance – December 31, 2023	11	2,500,000	3,963,875	64,195,774	64,944,007	9,402,047	(95,801,315)	(17,491,386)
Shared-based payments						445,300		445,300
Net loss and comprehensive loss for the period		-	-	-	-	-	(2,723,101)	(2,723,101)
Balance – June 30, 2024		2,500,000	3,963,875	64,195,774	64,944,007	9,847,347	(98,524,416)	(19,769,187)

		Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Note	Number	\$	Number	\$	\$	\$	\$
Balance – December 31, 2022	11	2,500,000	3,963,875	64,195,774	64,944,007	9,402,047	(93,537,612)	(15,227,683)
Net loss and comprehensive loss for the period		-	-	-	-	-	(2,603,955)	(2,603,955)
Balance – June 30, 2023		2,500,000	3,963,875	64,195,774	64,944,007	9,402,047	(96,141,567)	(17,381,638)

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

Dundee Sustainable Technologies Inc.

Consolidated Statements of Cash Flows

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

	Note	2024 \$	2023 \$
Operating activities			
Net loss for the period		(2,723,101)	(2,603,955)
Adjusted for:			
Shared-based payments		445,300	-
Depreciation of property, plant and equipment	7	-	13,719
Depreciation of property, plant and equipment included in research and development	7	17,686	60,909
Amortization of intangible assets	8	230,690	230,690
Gain on debt extinguishment	9,10	-	(57,667)
Amortization of debt discounts	9,10	497,052	356,846
Share of loss for equity accounted investment	6	98,123	-
Finance cost accrued	9,10	870,687	758,075
		(563,383)	(1,241,383)
Changes in non-cash operating working capital items:			
Accounts receivable		(513,125)	(193,463)
R&D tax credit receivable		(104,001)	(37,712)
Sales tax payable / receivable		93,074	(54,326)
Other assets		-	5,666
Prepaid expenses		(4,192)	(2,521)
Accounts payable and accrued liabilities		105,067	338,518
Contract liabilities		18,781	1,132
		(404,396)	57,294
Net cash used in operating activities		(967,779)	(1,184,089)
Financing activities			
Principal elements of lease payments	7	-	(69,167)
Long-term debts payment	10	(166,788)	(166,788)
Shor-term loan from a related party	10	1,200,000	-
Short-term loan to a related party		(150,000)	-
Promissory note from a related party	9	-	2,000,000
Net cash provided by financing activities		883,212	1,764,045
Net change in cash and cash equivalents during the period		(84,567)	579,956
Cash and cash equivalents – beginning of period		433,425	511,691
Cash and cash equivalents – end of period		348,858	1,091,647

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

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

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 3700 Rue du Lac Noir, Thetford Mines, Quebec, Canada, G6H 1S9.

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.

While these technologies are currently being commercialized, they are subject to all the risks inherent in their ongoing adaptation to potential customers’ specifications 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. At June 30, 2024, Dundee Corporation (“Dundee”) was the principal and majority shareholder of the Corporation.

For the six months ended June 30, 2024, the Corporation incurred a loss of \$2,723,101 (2023 – \$2,603,955) and has a negative working capital of \$21,418,554 (2023 –\$63,123). Deficit as at June 30, 2024 amounted to \$98,524,416 (2023 – \$95,801,315) and cash flows used in operating activities for the six months ended June 30, 2024 amounted to \$967,779 (2023 – \$1,184,089).

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through to June 30, 2025. The Corporation will therefore have to raise additional funds to continue operations and pay or renegotiate its debts. 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 consolidated financial statements have been prepared using International Financial Accounting Standards as issued by the International Accounting Standards Board (“IFRS Accounting Standards”) 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 13, 2024, these consolidated financial statements were approved by the Board of Directors.

2. MATERIAL ACCOUNTING POLICIES

The material 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 Accounting Standards 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

Dundee Sustainable Technologies Inc.

Notes to Consolidated Financial Statements

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

with the Corporation's audited consolidated financial statements as at and for the year ended December 31, 2023 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, 2023.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim consolidated financial statements for the six months ended June 30, 2024 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, 2023.

4. ACCOUNTS RECEIVABLE

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

As at June 30, 2024, accounts receivable from related parties amounted to \$1,007,391 (2023 – 89,277).

5. SHORT-TERM LOAN TO A RELATED PARTY

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.

6. EQUITY ACCOUNTED INVESTMENT

During the six months ended June 30, 2024, the equity accounted investment was valued at Nil compared to \$98,123 from the previous period. This adjustment reflects the negative equity reported by the associate during this period. Other than the valuation, there were no significant transactions that affected the carrying value of equity accounted investments during the six months ended June 30, 2024. A detailed description of significant transactions that affected the carrying value of equity accounted investments as at the year ended December 31, 2023, is disclosed in Note 5 to the audited consolidated financial statements as at and for the year ended December 31, 2023

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Notes to Consolidated Financial Statements

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

	As at June 30, 2024		As at December 31, 2023	
	Ownership	Carrying value	Ownership	Carrying value
Equity accounted investment		\$		\$
Enim Technologies Holding Inc.	25%	-	25%	98,123

Equity earnings (losses)	Six months ended June 30,	
	2024	2023
	\$	\$
Enim Technologies Holding Inc.	(98,123)	-

7 PROPERTY, PLANT AND EQUIPMENT

	Vehicles and equipment	Right of use assets	Total
Gross carrying amount	\$	\$	\$
Balance – January 1, 2024	47,000	176,859	223,859
Balance – June 30, 2024	47,000	176,859	223,859
Accumulated depreciation			
Balance – January 1, 2024	47,000	17,686	64,686
Depreciation	-	17,686	17,686
Balance – June 30, 2024	47,000	35,372	82,372
Net carrying amount – June 30, 2024	-	141,487	141,487
Net carrying amount – December 31, 2023	-	159,173	159,173

Leases

The Corporation recognized a ROU asset and its related lease liability in connection with the Corporation's facilities. The ROU assets are depreciated on a straight-line basis over the term of the lease, which is expected to mature in June 2028. As is common for such leases, the Corporation pays to the landlord its share of common costs that are expensed as incurred.

Lease liability	Six months ended June 30	
	2024	2023
		\$
Balance – beginning of the period	-	874,434
Principal portion of lease payments	-	(69,167)
Balance – end of the period	-	805,267
Current lease liability	-	127,209
Non-current lease liability	-	678,058

Dundee Sustainable Technologies Inc.

Notes to Consolidated Financial Statements

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

The consolidated statement of loss and comprehensive loss shows the following amounts relating to the lease for the six months ended June 30, 2024 and 2023:

	Six months ended	
	2024	June 30 2023
	\$	\$
Depreciation ROU assets	-	13,719
Depreciation ROU assets included in research and development	17,686	60,909
Interest expense included in finance cost	-	49,487

8. INTANGIBLE ASSETS

Intangible assets	Six months ended	
	2024	June 30 2023
Gross carrying amount		
Balance – January 1 and June 30:	\$	\$
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)
	4,613,813	4,613,813
Accumulated amortization		
Balance – January 1	2,422,244	1,960,871
Amortization	230,690	230,690
Balance – June 30	2,652,934	2,191,561
Net carrying amount – June 30	1,960,879	2,422,252

9. PROMISSORY NOTES AND LOANS FROM A RELATED PARTY

9.1 Promissory notes

The Corporation signed five promissory notes in the total principal amount of \$3,950,000, payable to a wholly owned subsidiary of Dundee. In the case of two promissory notes amounted to \$2,500,000, the notes were secured by a hypothec over all of the Corporation's intellectual property. The promissory notes had a maturity date of July 13, 2023, along with interest at a rate of 8% per annum. On July 13, 2023, the Corporation agreed with Dundee to extend the maturity date of all of its promissory notes from the original maturity date to May 15, 2025 with all the other term conditions remaining unchanged. As at June 30, 2024, the principal amount of the promissory notes totaled \$3,950,000 (2023 – \$3,950,000) and the finance cost accrued during the six months ended June 30, 2024 amounted to \$180,413 (2023 – \$161,479). The fair value of the promissory notes and accrued interests were estimated at \$3,949,597, using an effective rate of 13%, corresponding to a rate that the Corporation would have obtained for a similar financing with a third party. The difference between the carrying amount and the new fair value of the promissory notes was recognized as finance income in the consolidated statement of loss and comprehensive loss.

Dundee Sustainable Technologies Inc.

Notes to Consolidated Financial Statements

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

Promissory notes	Six months ended	
	2024	June 30, 2023
	\$	\$
Balance – beginning of period	4,195,050	2,119,877
Principal amount advanced	-	2,000,000
Finance cost accrued	180,413	161,479
Promissory note discounted at fair value	-	(57,667)
Amortization of promissory note discount	97,285	84,109
Balance – end of period	4,472,748	4,307,798

9.2 Loan from a related party

The Corporation had two 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.

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 and comprehensive loss during that year. On July 13, 2023, the Corporation agreed with Dundee to extend the maturity date of its loan from the original maturity date to May 15, 2025 with all the other term conditions remaining unchanged. Upon the extension of the maturity date, which was considered to be a debt extinguishment, the fair value of the loan and accrued interests were estimated at \$9,783,087, using an effective rate of 13%, corresponding to a rate that the Corporation would have obtained for a similar financing with a third party. The difference between the carrying amount and the new fair value of the loan was recognized as finance income in the consolidated statement of loss and comprehensive loss.

As at June 30, 2024, the principal amount of the loan totaled \$8,484,534 (2023 – \$8,484,534) and the finance cost accrued during the six month ended June 30, 2024 amounted to \$446,875 (2023 – \$411,689).

	Three months ended	
	2024	March 31, 2023
	\$	\$
Balance – beginning of period	10,394,158	10,116,538
Finance cost accrued	446,875	411,689
Amortization of loan discount	240,971	147,694
Balance – end of period	11,082,004	10,675,921

9.3 On-demand loans 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 June 30, 2024, the principal amount of the loan totaled \$550,000 and the finance cost accrued during the six month period ended June 30, 2024 amounted to \$27,054.

Dundee Sustainable Technologies Inc.

Notes to Consolidated Financial Statements

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

On April 26, 2024, the Corporation entered into a loan promissory note in the principal amount of \$150,000 payable to a wholly owned subsidiary of Dundee. The Loan has a maturity date of December 31, 2024, along with interest at a rate of 13% per annum. As at June 30, 2024, the principal amount of the loan totaled \$150,000 and the finance cost accrued during the six month period ended June 30, 2024 amounted to \$3,357.

On May 14, 2024, the Corporation entered into a term loan agreement in the principal amount of \$500,000 payable to a wholly owned subsidiary of Dundee. The Loan has a maturity date of December 31, 2024, along with interest at a rate of 15% per annum. As at June 30, 2024, the principal amount of the loan totaled \$500,000 and the finance cost accrued during the six month period ended June 30, 2024 amounted to \$9,836.

10 CONVERTIBLE DEBENTURE AND LOANS

10.1 Convertible debenture

On July 31, 2020, the Corporation entered into a secured convertible loan agreement in the amount of \$4,000,000 (the "IQ Loan") with Investissement Québec ("IQ"). The IQ Loan had a maturity date of July 13, 2023, bears interest at a rate of 8% per annum and can be converted 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 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 \$1,125,000. Pursuant to the agreement, the Corporation made a partial payment to the capital in the amount of \$50,000 in 2021 and \$100,000 in 2022. On July 13, 2023, the Corporation agreed with IQ to extend the maturity date of the convertible debenture from the original maturity date to May 15, 2025 with all the other term conditions remaining unchanged. Upon the extension of the maturity date, which was considered to be a debt extinguishment, the fair value of the loan and accrued interests were estimated at \$4,460,545, using an effective rate of 13%, corresponding to a rate that the Corporation would have obtained for a similar financing with a third party. The difference between the carrying amount and the new fair value of the convertible debenture was recognized as a credit to the Research and Development expenses in the consolidated statement of loss and comprehensive loss.

During the six months period ended June 30, 2024, the Corporation capitalized interest expense of \$203,752 (2023 – \$187,709).

	Six months ended June 30,	
	2024	2023
	\$	\$
Carrying amount of the liability – beginning of period	4,703,970	4,588,245
Finance costs accrued	203,752	187,709
Amortization of convertible debenture discount	122,539	79,271
Carrying amount of the liability – end of period	5,030,261	4,855,225

10.2 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, \$296,806 on August 9, 2021, and \$359,956 on June 6, 2022. The fair value of the advances were estimated at \$316,662, \$229,144 and \$292,243 respectively, using an effective rate of 11% corresponding to a rate that the Corporation would have obtained for a similar non-subsidized financing.

Dundee Sustainable Technologies Inc.

Notes to Consolidated Financial Statements

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

The IQ Innovation Loan matures six years after the initial disbursement and bears interest at a rate of 3.04% per annum. The Corporation benefited from a 24-month moratorium period on the repayment of capital since the first disbursement. During 2023, the Corporation started reimbursing the capital 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 six months ended June 30, 2024, amounted to \$11,343 (2023 – \$15,482).

	Six months ended June 30,	
	2024	2023
	\$	\$
Carrying amount of the liability – beginning of period	740,015	930,688
Finance cost accrued	(419)	(2,801)
Principal amount paid	(138,432)	(138,432)
Amortization of discount	26,316	33,807
Carrying amount of the liability – end of period	627,480	823,262
Current portion	276,864	276,864
Non-current portion	350,616	546,398
Total	627,480	823,262

10.3 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, Quebec. 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.

	Six months ended June 30,	
	2024	2023
	\$	\$
Balance – beginning of period	177,513	211,278
Payments	(28,356)	(28,356)
Amortization of long-term debt discount	9,940	11,964
Balance – end of period	159,097	194,886
Current portion	56,714	56,714
Non-current portion	102,383	138,172
Total	159,097	194,886

Dundee Sustainable Technologies Inc.

Notes to Consolidated Financial Statements

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

11. SHARE CAPITAL

Authorized

On June 30, 2024 and December 31, 2023, 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.

12 WARRANTS

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

	Six months ended June 30,			
	2024		2023	
	Number of warrants	Carrying amount	Number of warrants	Carrying amount
		\$		\$
Balance – beginning and end of period	3,527,777	261,055	3,527,777	261,055

As at June 30, 2024, outstanding warrants are as follows:

Number of warrants	Weighted average exercise price	Expiry date
	\$	
3,527,777	0.31	February 28, 2027
3,527,777	Outstanding	

13. STOCK OPTION PLAN

In May 2024, the Corporation granted a total of 3,650,000 stock options to its directors and officers. These options are exercisable at \$0.13 per share, vesting immediately and expire on the fifth anniversary of their date of issuance. The fair value of options awarded is \$0.11 per share for a total based payment expenses of \$445,300.

Dundee Sustainable Technologies Inc.

Notes to Consolidated Financial Statements

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

The fair value of options at the grant date was calculated based on the Black-Scholes option pricing model, using the following weighted average assumptions:

	2024
Expected life	5 years
Risk-free interest rate	3.76%
Expected volatility	165%
Expected dividend yield	0%
Share price	\$0.13

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

	Six months ended			
	2024		June 30, 2023	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – beginning of year	3,450,000	0.35	3,952,500	0.43
Granted	3,650,000	0.13	-	-
Expired	(1,200,000)	0.35	(502,500)	1.01
Balance – end of year	5,900,000	0.21	3,450,000	0.35

As at June 30, 2024, outstanding options are as follows:

Number of options	Weighted average exercise price	Expiry date
	\$	
2,250,000	0.35	September 29, 2025
3,650,000	0.13	May 14, 2029
5,900,000	Outstanding	

The residual weighted average contractual term of outstanding options was 3.49 years as at June 30, 2024.

14. RESEARCH AND DEVELOPMENT

	Six months ended	
	2024	June 30, 2023
	\$	\$
Research and development	467,816	580,009
Tax credit and other government subsidies	(184,551)	(89,479)
	283,265	490,530

Dundee Sustainable Technologies Inc.

Notes to Consolidated Financial Statements

For the six months ended June 30, 2024 and 2023

(Expressed in Canadian dollars)

15. SUPPLEMENTAL CASH FLOW INFORMATION

	Six months ended	
	June 30,	
	2024	2023
	\$	\$
Finance cost paid	13,532	18,623
Finance cost on lease payments	-	49,489