

# **Dundee Sustainable Technologies Inc.**

Management's Discussion and Analysis

For the six months ended June 30, 2020

2000 Peel Street, Suite 860, Montréal, QC, H3A 2W5  
Tel.: 514.866 6001 / [www.dundeetechnologies.com](http://www.dundeetechnologies.com)

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## TABLE OF CONTENT

FOR THE SIX MONTHS ENDED JUNE 30, 2020

---

BACKGROUND .....	3
INCORPORATION AND NATURE OF OPERATIONS .....	3
OPERATIONS DURING Q1 2020 .....	4
BUSINESS STRATEGY .....	5
INFORMATION ON EQUITY .....	5
STOCK OPTION PLAN.....	6
FINANCING ACTIVITIES.....	6
INVESTING ACTIVITIES .....	6
LIQUIDITY AND WORKING CAPITAL .....	7
SELECTED QUARTERLY INFORMATION.....	10
OUTLOOK FOR 2020 .....	10
OFF BALANCE SHEET ARRANGEMENTS.....	11
CONTRACTUAL OBLIGATIONS AND COMMITMENTS.....	11
SUBSEQUENT EVENTS .....	11
ACCOUNTING POLICY CHANGES, CRITICAL ESTIMATES, JUDGMENTS AND ASSUMPTIONS .....	11
FINANCIAL INSTRUMENTS AND OTHER INSTRUMENTS.....	11
RISKS AND UNCERTAINTIES.....	11
FORWARD LOOKING STATEMENTS.....	12
ADDITIONAL INFORMATION CONCERNING DST .....	12

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

---

### 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 six months ended June 30, 2020.

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, 2019 (the "2019 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 six months ended June 30, 2020 (the "June 2020 Interim Consolidated Financial Statements"), all of which have been prepared using International Financial Reporting Standards ("IFRS"). Unless otherwise noted, all figures are in Canadian dollars, the presentation and functional currency.

This MD&A takes into account all material events that took place up until August 11, 2020, 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.sedar.com](http://www.sedar.com) 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 2000 Peel, Suite 860, Montréal, Quebec, Canada, H3A 2W5.

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. On January 22, 2020, the Corporation consolidated its share capital on a twenty for one basis. (Refer to Note 20 to the 2019 Audited Consolidated Financial Statements)

Dundee Corporation, through its wholly own subsidiary Dundee Resources Limited ("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.

At June 30, 2020, Dundee owned 8.9 million subordinate voting shares and all of the 2.5 million multiple voting shares (178,068,497 million and 50 million respectively pre-consolidation) of the Corporation giving Dundee a 63% equity interest and an 83% voting interest in the Corporation. In addition, Dundee was owed \$21.2 million in short term debt, including accrued interest. On July 31, 2020, DST entered into a debt settlement agreement with Dundee with respect to the settlement of a portion of its debt by the issuance of subordinated voting shares in the capital of DST to Dundee. After the debt settlement agreement, Dundee owns 49.5 million subordinate voting shares and all the 2.5 million multiple voting shares of the Corporation giving Dundee an 82% equity interest and an 87% voting interest in the Corporation. Dundee is now owed \$8.5 million in a long-term debt (See subsequent event).

#### *Overview*

The Corporation is a leader in the development and commercialization of innovative environmentally responsible technologies for the treatment of complex materials in the mining industry. Through the development of patented, proprietary processes, DST extracts precious and base metals from ores, concentrates and tailings, while permanently stabilizing contaminants such as arsenic, antimony and cadmium. These complex mineral resources may not otherwise be extracted with conventional processes because of metallurgical issues, cost, or environmental considerations.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

---

The Corporation's main focus is the commercialization of its two innovative and patented processes (the "Technologies"). As part of the commercialization process, the Corporation has branded these technologies as the GlassLock Process™ (permanent arsenic sequestration in glass) and the CLEVR Process™ (cyanide-free gold extraction).

### ***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 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 a 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.

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 12 different processes, and it has 53 patents granted, published, pending or filed in 18 different countries. These patents expire between 2022 and 2036. 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 operated at a commercial scale at reasonable costs or successfully marketed.

### ***Technical Services***

The Corporation also uses its state-of-the-art laboratory and processing facility in Thetford Mines, Quebec to assist other companies with metallurgical services or complete small to industrial scale processing campaigns and testing.

## **RESPONSE TO COVID-19 SITUATION**

The first half of 2020 was marked by the severity of the Coronavirus global outbreak. The extent and duration of impacts that the Coronavirus may have on Dundee Technologies' operations including suppliers, contractors, 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. Operations resumed in May with employees and contractors following the control and practices that have been established on site. Dundee Technologies is monitoring developments and has taken appropriate actions to mitigate the any risks for its employees and operations, including safety procedures and contingency plans to continue operations at its plant in Thetford Mines.

## **OPERATIONS DURING Q2 2020**

### ***GlassLock Process™***

. Following the operation of the industrial demonstration scale GlassLock plant (the "Plant"), and the delivery of the final report which occurred in the fourth quarter of 2019, the Corporation is currently conducting a trade-off and basic engineering study for a full-scale operation, the study is expected to be completed in Q3 of 2020.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

---

The Corporation had been also awarded an SDTC grant of \$1.25 million to partially offset costs associated with the Plant, however this grant was recently increased to \$1.31 million as a result of Covid-19.

### ***CLEVR Process™***

In 2017, the Corporation completed the second of two industrial demonstration programs to prove the efficiency of the *CLEVR Process™*. Since then, the Corporation has continued to work with major and mid-tier gold producers to test the applicability of the *CLEVR Process™* on dedicated gold deposits and to deliver technical & economic studies, designed with the objective of building the first commercial plant in partnership with a strategic partner. DST is experiencing an increased interest in using this technology and has recently been engaged to do some metallurgical testing and flow sheet development for several gold customers for the application of the *CLEVR Process™* on deposits under development. Testing of these samples is on-going.

### ***Technical Services***

DST continues to build its technical services business and under the terms of these contracts, the Corporation will provide technical services in markets such as aluminum by-products, fertilizers, lithium, cobalt, nickel, magnesium, graphite and gold. Contributions from these contracts will help to offset developmental and operating costs 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 caters 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. DST has identified over 100 gold projects that could face significant concerns due to cyanide use, environmental and/or metallurgical constraints. The commercialization of the Corporation's Processes 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.

## **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.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

---

In all other respects, the holders of subordinate voting shares and multiple voting shares shall rank equally and the same rights and restrictions.

On January 22, 2020, the Corporation consolidated its share capital on a twenty for one basis.

On July 31, 2020, DST has entered into two debt settlement agreements with Dundee and Investissement Quebec ("IQ"), with respect to the settlement of a portion of various debts of the Corporation by the issuance of subordinated voting shares in the capital of the Corporation to Dundee and IQ. Following the completion of the debt settlement agreements, there are a total of 60,667,997 subordinate voting shares and 2.5 million multiple-voting shares of the Corporation issued and outstanding. (Refer to subsequent event).

	<b>August 11, 2020</b>
Subordinate voting shares issued	60,667,997
Options	951,250
Warrants	714,285
<b>Total – fully diluted subordinate voting shares</b>	<b>62,333,533</b>
<hr/>	
<b>Multiple voting shares issued (each multiple voting share has 10 votes)</b>	<b>2,500,000</b>

(1) At August 11, 2020, subsequent to the completion of the two debt settlement agreements on July 31, 2020, Dundee owns 49.5 million subordinate voting shares of the Corporation (81.63%) and all 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 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

#### **Six months ended June 30, 2020**

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

During the six months ended June 30, 2020, the Corporation signed three promissory notes in the total principal amount of \$1,145,000 payable on demand to a wholly owned subsidiary of Dundee along with interest at a rate of 18% per annum.

As at June 30, 2020, the aggregate principal amount of the promissory notes outstanding totaled \$5,884,000 and the finance cost accrued during the period amounted to \$502,269.

#### **Six months ended June 30, 2019**

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

During 2019, the Corporation signed three promissory notes in the total principal amount of \$1,564,000 payable on demand to a wholly-owned subsidiary of Dundee along with interest at a rate of 18% per annum.

As at June 30, 2019, the aggregate principal amount of the promissory notes totaled \$4,239,000 and the finance cost accrued during the period amounted to \$307,138.

### INVESTING ACTIVITIES

No investing activities were performed during the six months ended June 30, 2020.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

### LIQUIDITY AND WORKING CAPITAL

On June 30, 2020, the working capital position of the Corporation was negative \$27,686,432 (negative \$25,822,614 as at December 31, 2019). This working capital deficiency includes \$21,716,917 (\$19,545,673 as at December 31, 2019) of short-term loans (principal and accrued interest) from Dundee. Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through the twelve months ended June 30, 2021. 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 commercial activities to operate as a going concern. On July 31, 2020, the Corporation entered into two debt settlement agreements with respect to the settlement of a portion of various debts by the issuance of subordinated voting shares in the capital of the Corporation (refer to subsequent event). 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 six months ended June 30, 2020, the Corporation processed material for numerous 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 facility including its CLEVR Process™ 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 alternative and initiate engineering studies required for an industrial implementation.

Revenues totaled \$1,525,584 during the six months ended June 30, 2020 with related cost of \$1,036,153 recorded under operating expenses related to services. The Corporation reported revenues of \$584,128, with related cost of \$493,804 in the same period of the prior year. Revenues by line of business were as below:

	Three months ended		Six months ended	
	June 30,		June 30,	
	2020	2019	2020	2019
			\$	\$
GlassLock Process™	804,949	-	966,841	66,734
CLEVR Process™	51,548	56,218	114,184	89,507
Other service revenues	191,442	355,074	444,559	427,887
	<b>1,047,939</b>	<b>411,292</b>	<b>1,525,584</b>	<b>584,128</b>

The increase in revenue generated by the GlassLock Process was generated by the agreement of the industrial demonstration scale GlassLock plant completed in 2019. The agreement included an option for a moratorium on the promotion of the technology for other copper smelters for a period of one year, in return for a payment of \$1,307,389 (US\$1,000,000). On March 2020, the customer exercised this option and the Corporation is recognizing this revenue over the life of the moratorium.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

### Operating expenses

The major components of the operating expenses are as follows:

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Labour	262,934	140,090	\$ 501,980	\$ 230,812
Consultants	170,282	50,729	275,667	81,654
Consumables	41,334	831	118,301	1,846
Plant overhead	95,308	156,609	140,205	179,492
	<b>569,858</b>	<b>348,259</b>	<b>1,036,153</b>	<b>493,804</b>

### Technology development

During the six months ended June 30, 2020, the Corporation incurred technology development costs of \$391,558 (\$915,360 in the same period of 2019) primarily on its GlassLock Process™. These costs relate to research activities conducted in the arsenic technology and the laboratory. The remaining expenses relate to the operation of the demonstration plant, other technology development, patent maintenance and plant overhead.

The Corporation periodically receives reimbursement of project expenses generated under a collaboration agreement with a related party 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 and contribution from a related party basis, research and development costs amounted to \$391,558 (\$549,121 in the same period of 2019).

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Arsenic plant	-	370,798	\$ -	\$ 800,807
Plant expenses	105,952	286,335	470,779	748,484
Patent maintenance	11,443	21,771	38,174	44,973
Technology development	117,395	678,904	508,953	1,594,264
Net contribution from a related party	-	(393,325)	-	(759,564)
Grant and subsidies	(81,053)	-	(81,053)	-
<b>Technology development expenses, net</b>	<b>36,342</b>	<b>285,579</b>	<b>427,900</b>	<b>834,700</b>

### Professional and consulting fees

	Three months ended June 30,		Three months ended June 30,	
	2020	2019	2020	2019
Legal	36,831	10,562	\$ 48,181	\$ 19,254
Audit, audit related work and tax compliance	8,683	625	108,683	66,868
Accounting	-	-	-	2,211
	<b>45,514</b>	<b>11,187</b>	<b>156,864</b>	<b>88,333</b>

The increase in legal fees during the six months ended June 30, 2020, was mainly due to the work related to the consolidation of its share capital on a twenty for one basis completed on January 22, 2020.

Audit fees increased in 2020 compared to the same period of previous year due to the implementation of new accounting policies and the review of the different types of revenue contracts performed by the Corporation.

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

### Administrative expenses

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Insurance	41,295	29,800	\$ 82,613	\$ 59,657
Rent and lease operating expenses	13,655	16,909	34,720	72,986
Website and technical support	6,322	6,011	8,170	11,843
Travel and accommodations	45	6,045	11,427	16,853
Telecommunications and others	1,545	10,921	13,710	29,196
	<b>62,862</b>	<b>69,686</b>	<b>150,640</b>	<b>190,535</b>

The increase in insurance expense was due to the renewal of our D&O policy. Canadian D&O market and in particular, companies that are domiciled in Quebec, have seen some significant upward pressure on rating and tightening of underwriting parameters.

The decrease in rent and lease operating expenses was due to the implementation of IFRS 16 *Leases*, the amount recorded in the six months ended June 30, 2020, accounts only to the operating expenses of the office.

### Wages and compensation

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Employees	157,852	136,121	\$ 258,194	\$ 262,346
Officer compensation	4,194	47,499	128,033	91,040
Director fees	10,000	15,000	16,000	30,000
	<b>172,046</b>	<b>198,620</b>	<b>402,227</b>	<b>383,386</b>

Officer compensation relates to the President and Chief Executive Officer's (CEO) compensation. The remuneration of the actual CEO is based on a monthly rate of \$16,667. A portion of the remuneration of the actual CEO is allocated to operating expenses to account for his work provided to services contracts. Until March 2020, the remuneration of the former President and CEO was based on a monthly rate of \$15,833. The increase in officer compensation was due to the departure bonus payment to the former CEO.

### Other Gains and Losses

	Three months ended June 30,		Six months ended June 30,	
	2020	2019	2020	2019
Interest expenses on:			\$	\$
Dundee short-term loans and Dundee promissory notes	522,958	433,409	1,026,244	829,661
IQ loan	104,984	97,240	207,921	191,551
IQ loan accretion expense	-	44,034	18,515	86,087
CED Contribution accretion expense	7,853	6,977	15,483	13,776
Interest expense on leases	35,879	39,516	70,641	79,471
Other interest expense	1,532	571	1,532	1,481
Other income	(128,759)	-	(129,559)	-
	<b>544,447</b>	<b>621,747</b>	<b>1,210,777</b>	<b>1,202,027</b>

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

### 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. The Corporation adopted IFRS 16 Leases on a modified retrospective basis. The information from 2018 does not reflect the impact of applying the standard:

	Q2-20	Q1-20	Q4-19	Q3-19
	\$	\$	\$	\$
Total revenue	1,047,939	477,645	332,563	455,334
Operating income (loss)	34,687	(965,276)	(694,363)	(622,653)
Net loss and comprehensive loss	(573,010)	(1,520,778)	(1,381,393)	(1,300,521)
Basic and diluted net loss per share	0.031	0.083	0.076	0.071
	Q2-19	Q1-19	Q4-18	Q3-18
	\$	\$	\$	\$
Total revenue	411,292	172,836	484,906	297,631
Operating loss	(629,059)	(1,042,598)	(685,791)	(641,940)
Net loss and comprehensive loss	(1,251,192)	(1,620,128)	(1,203,538)	(1,086,284)
Basic and diluted net loss per share	0.069	0.088	0.066	0.060

### OUTLOOK FOR 2020

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 completed the delivery of the industrial demonstration GlassLock plant onsite a mineral processing facility in early 2019. During the balance of the year, the Corporation finished the demonstration operation campaign and presented the technical report to the customer. The Corporation is currently working on a tradeoff study and the basic engineering packages for the delivery of a full-scale GlassLock plant to the customer. The customer also exercised the option for a moratorium on the promotion of the technology to other copper smelter for a period of one year, in return for a cash payment of US\$1,000,000. The Corporation will use data from this program to position the technology for adoption by other customers around the world.

#### **CLEVR Process™**

Since completing the second of two CLEVR Process™ industrial demonstration campaigns, the Corporation has continued to work with major and mid-tier gold producers to test the applicability of the CLEVR Process™ on dedicated gold deposits and to deliver technical & economic studies, designed with the objective of building the first commercial plant in partnership with a strategic partner. The demonstration campaigns established the proof of concept of the Corporation's CLEVR Process for different ore and concentrate streams. DST has been engaged for metallurgical testing programs and flow sheet development for gold customers for the application of the CLEVR Process™ on deposits under development. The Corporation is working with several properties in Asia, South America, Africa and Canada to test their ores and concentrates using the CLEVR Process™.

#### **Technical Services:**

The Corporation owns a state-of-the-art mineral processing and metallurgical (hydro & pyro) facilities which is being made available for test programs ranging from laboratory (kg-scale) to the industrial scale (+1,000 tonnes). The Corporation is working on two significant technical services projects that should result in revenues of \$3.0 million over the next two years. Management is constantly in discussions with numerous parties with respect to projects that will maximize the value of its Thetford Mines facility.

Management estimates that the Corporation will have to raise funds for its operations and to continue its activities. Although there is no assurance that the Corporation will be successful in these actions, management believes, based on previous fund-raising experience, that it will be able to secure the necessary financing

## **DUNDEE SUSTAINABLE TECHNOLOGIES INC.**

### **MANAGEMENT'S DISCUSSION AND ANALYSIS**

FOR THE SIX MONTHS ENDED JUNE 30, 2020

---

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.

#### **OFF BALANCE SHEET ARRANGEMENTS**

The Corporation did not enter into any off-balance sheet arrangements during the six months ended June 30, 2020 and 2019.

#### **CONTRACTUAL OBLIGATIONS AND COMMITMENTS**

The contractual obligations of the Corporation include lease payments for the Thetford Mines facilities and the head office in Montreal (Refer to Note 5 to the financial statements for the years ended December 31, 2019).

#### **SUBSEQUENT EVENT**

##### *Debt settlement agreements*

On July 31, 2020, DST has entered into two debt settlement agreements with Dundee and IQ, with respect to the settlement of a portion of various debts of the Corporation by the issuance of subordinated voting shares in the capital of the Corporation to Dundee and IQ.

According to the terms of the debt settlement agreement, Dundee has agreed to convert \$13,405,522 of its debt in exchange for 40,622,794 consideration shares (subordinate voting shares) in the capital of the Corporation and 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 shares based on the 20-day volume-weighted average price of the shares.

As part of the debt settlement agreements, the remaining portion of the debt owed to Dundee by the Corporation, totaling an amount of \$8,484,534, has been consolidated and will bear revised repayment terms, 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 remaining debt owed to IQ, totaling an amount of \$4,000,000, pursuant to a convertible debenture dated May 15, 2015, issued to IQ, has been amended providing an extension of the maturity date to July 13, 2023.

Following the completion of the two debt settlement agreements, there will be a total of 60,667,997 subordinate voting shares and 2.5 million multiple-voting shares of the Corporation issued and outstanding.

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

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions that affect amounts reported in the financial statements and accompanying notes. There is a full disclosure and description of the Corporation's critical accounting policies, estimates, judgments, assumptions in the financial statements as at December 31, 2019 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 management policies are disclosed in Note 20 to the annual consolidated financial statements for the years ended December 31, 2019 and 2018.

#### **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 MD&A of the Corporation dated December

# DUNDEE SUSTAINABLE TECHNOLOGIES INC.

## MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE SIX MONTHS ENDED JUNE 30, 2020

---

31, 2019, including the risk of the COVID-19 situation. 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 2020 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.sedar.com](http://www.sedar.com) and the Corporation's website at [www.dundeetechnologies.com](http://www.dundeetechnologies.com).

August 11, 2020

*(s) David Lemieux*  
\_\_\_\_\_  
David Lemieux  
President and CEO

*(s) Arved Marin*  
\_\_\_\_\_  
Arved Marin  
CFO