

Dundee Sustainable Technologies Inc.

Management's Discussion and Analysis

For the three and six months ended June 30, 2017

1002 Sherbrooke Street West, Suite 2060, Montréal, QC, H3A 3L6
Tel.: 514.866 6001 / www.dundeetechnologies.com

DUNDEE SUSTAINABLE TECHNOLOGIES INC.

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DUNDEE SUSTAINABLE TECHNOLOGIES INC.

MANAGEMENT'S DISCUSSION AND ANALYSIS

FOR THE THREE AND SIX MONTHS ENDED JUNE 30, 2017

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 and six months ended June 30, 2017.

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, 2016 (the "2016 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 and six months ended June 30, 2017 (the "June 2017 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.

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 1002 Sherbrooke West, Suite 2060, Montréal, Quebec, Canada, H3A 3L6.

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.

At June 30, 2017, Dundee owned 178.1 million subordinate voting shares and 50.0 million multiple voting shares of the Corporation giving Dundee a 66% equity interest and an 85% voting interest in the Corporation.

Nature of Operations

The Corporation is engaged in the development and commercialization of environment-friendly 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 stabilizing contaminants such as arsenic, which could not otherwise be extracted or stabilized with conventional processes because of metallurgical issues, cost or environmental considerations. Currently, the Corporation is focused on two primary processes:

Gold Extraction by Chlorination

At present, DST's most advanced proprietary process is associated with the extraction of precious metals using chlorination to provide a cyanide-free alternative for the exploitation of gold deposits. The primary benefits of this innovative technology are shorter processing times in a closed-loop operation which, eliminating the need for costly tailing ponds and reducing the environmental footprint of the inert and stable cyanide-free tailings.

The chlorination process developed by DST is a recognized "green technology" for which it was awarded a \$5 million grant by the Government of Canada, through its Sustainable Development Technology Fund ("SDTC"), for the construction and operation of a demonstration plant. The plant serves as a demonstration platform for the chlorination process on an industrial scale and under continuous operating conditions.

The Corporation has received from Environment Canada, through the Canadian Environmental Technology Verification Program ("ETV"), an independent certification of the performance of its cyanide-free gold extraction process.

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Arsenic Stabilization by Vitrification

DST has constructed a pilot plant to demonstrate its arsenic stabilization process, which is designed for the sequestration of this contaminant in a stable glass form. This process is an attractive technique to permanently segregate arsenic and presents therefore opportunities to process materials considered too toxic to be exploited or stabilized using conventional mining methods.

The Corporation has protected its intellectual property by filing patents during the development of its technologies. To date, the Corporation has patents granted or published on 13 different processes, and it has 57 patents granted, published, pending or filed in 16 different countries. These patents expire between 2022 and 2034.

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 developed, or that output from any use of the Corporation's processes could be produced at a commercial level at reasonable costs or successfully marketed.

OPERATIONS DURING THE SECOND QUARTER OF 2017

Gold Chlorination Technology

During the second quarter of 2017, the Corporation completed the audit with Sustainable Technology Development Canada and finalized the project with them and applied for the payment of the final holdback. The intention is to initiate an independent technical-economic study, designed with the objective of building DST' first commercial plant in partnership with a strategic partner.

At June 30, 2017, Dundee Technologies had expended \$19.7 million towards the construction and operation of its demonstration plant.

Arsenic Stabilization Technology

The Corporation completed the engineering of an onsite industrial scale demonstration plant to be delivered to a customer. DST anticipates that the construction will commence in the third quarter of 2017. This plant will be financed by the customer and will provide proof of the arsenic technology in an operating industrial environment.

Arsenopyrite Process

In February 2017, Dundee Technologies entered into a contract with a Canadian exploration company to conduct a pilot scale program on samples from their gold project located in the Abitibi region of Quebec. Under the terms of this contract, the Corporation received a five tonne sample of representative material. The objective of the program is to confirm that complex refractory gold concentrates can undergo a pre-treatment to create an arsenic depleted mineral concentrate, and subsequently undergo gold and base metals extraction using DST's chlorination process, or be sold on the concentrate market. This test program will be overseen by an independent consulting firm, with the view of providing the necessary data to the Canadian exploration company to update its preliminary economic assessment.

Technical Services

The Company began a number of technical services contracts during the second quarter of 2017. Most notably the Company signed a contract with RNC Minerals to complete dead roasting of 400 wet metric tonnes of concentrate to produce a nickel calcine. The Company also signed testing contracts and pilot contracts with companies in the graphite, cobalt, gold, magnesium and lithium spaces.

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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. The technology is 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 major 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 technology 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 technology. DST has identified over 100 gold projects that could face significant concerns due to cyanide use, environmental and/or metallurgical constraints. These include some of the largest gold projects on the planet. The commercialization of the Corporation's technology would enable mining companies to advance those projects which are currently constrained because of the toxic nature of their deposits and discussions have commenced 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. In all other respects, the holders of subordinate voting shares and multiple voting shares shall rank equally and the same rights and restrictions.

	August 4, 2017
Subordinate voting shares issued	297,090,816
Options	23,802,500
Total – fully diluted subordinate voting shares	320,893,316
<hr/>	
Multiple voting shares issued (each multiple voting shares have 10 votes)	50,000,000

(1) At August 4, 2017, Dundee owned 178,068,497 subordinate voting shares of the Corporation (60%) 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

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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.

On February 3, 2017, the Corporation granted a total of 13,500,000 stock options to its directors, officers, employees and a consultant. These options are exercisable at \$0.05 per share, vested at the grant date and expire on the fifth anniversary of their date of issuance. The fair value of options awarded is \$0.04 per share for a total based payment expenses of \$540,000.

FINANCING ACTIVITIES

Six months ended June 30, 2017

Short-term Loan from a Related Party

In 2014, Dundee Resources Limited, a wholly owned subsidiary of Dundee, agreed to loan (the "Short-term Loan") up to \$6,000,000 to the Corporation. During 2015 and 2016, the aggregate amount of the loan facility was increased by \$1,650,000 and \$500,000 respectively for a total of \$8,150,000.

During the six months ended June 30, 2017, an amount of \$360,000 was advanced bringing the total advance to \$8,310,000 as at June 30, 2017.

The secured loans bear interest at the rate of 12.68% per annum and mature on the earlier of November 30, 2017 and the date at which the Corporation raises the sum of \$10 million or greater by way of debt or equity.

Contribution Agreement

Under an amended agreement dated October 12, 2016, the Corporation received from CED a \$397,000 repayable contribution (the "CED Contribution"). The CED Contribution was used by the Corporation for the acquisition of equipment for its demonstration plant (the "Project") in Thetford Mines. The CED Contribution is non-interest bearing, secured and repayable in equal monthly installments over seven years starting three years after the end of the Project. CED advanced \$324,575 in December 2016, and the balance of \$72,425 in May 2017.

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.

Bridge Loan

In October 2016, an unsecured bridge loan, payable on demand, of \$300,000 was advanced to the Corporation. The loan was partially reimbursed in December 2016 for a total amount of \$160,000. The outstanding bridge loan of \$140,000 and accrued interest of \$4,613 was reimbursed in January 2017.

Six months ended June 30, 2016

As part of the convertible debenture loan ("IQ Loan") approved in an amount of up to \$4,000,000, IQ advanced \$1,500,000 to the Corporation in April 2016 bringing the total loan to \$3,400,000.

This loan is advanced to the Corporation during the construction and operation of its demonstration plant, based on the Corporation's liquidity needs, subject to a number of conditions.

LIQUIDITY AND WORKING CAPITAL

On June 30, 2017, the working capital of the Corporation was at negative \$11,504,758 (at negative \$9,693,799 as at December 31, 2016). This working capital deficiency includes a \$11,175,973 (\$10,299,685 as at December 31, 2016) short-term loan (principal and accrued interest) from Dundee. Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through to June 30, 2018. The Corporation will therefore periodically have to raise additional funds to continue

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operations. The Corporation is pursuing financing alternatives to fund its operations and to continue its activities as a going concern. Although there is no assurance that the Corporation will be successful in these actions, management believes, based on previous fund raising experience, that it will be able to secure the necessary financing 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

The Corporation reported a loss of \$884,541 and \$2,562,551 during the three and six months ended June 30, 2017, versus a loss of \$1,365,395 and \$3,124,464 during the same period of the prior year.

The Corporation reported revenues starting in the second quarter of 2016. Revenues totalled \$662,196 and \$873,391 during the three and six months ended June 30, 2017 with related cost of \$561,399 and \$831,106, respectively recorded under other operating expenses. The Corporation reported revenues of \$553,752 during the three-month period ended June 2016 with related cost of \$294,244.

The Corporation's total operating expenses amounted to \$1,180,454 and \$2,695,008 during the three and six months ended June 30, 2017 as compared to \$1,608,118 and \$3,069,180 in the same period of 2016.

Revenues

During the six months ended June 30, 2017, the Corporation has processed test material for a number of customers including major gold producers as well as exploration companies in other commodities.

DST 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 chlorination process for precious metal extraction and/or its arsenic stabilization process. The technical services may serve to demonstrate the efficiency of the Corporation's technologies 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.

Operating expenses

The major components of the operating expenses are as follows:

Research and development

During the first six months of 2017, the Corporation incurred \$774,067 (\$2,154,078 in the same period of 2016) in research and development expenses in respect of its chlorination and arsenic stabilization processes. These costs relate primarily to the operation of the chlorination process demonstration plant.

Since 2013, the Corporation has spent a total of \$19,660,045 for the construction and operation of the demonstration plant of which a total of \$753,873 was incurred during the six months ended June 30, 2017. The remaining expenses relate to research activities conducted in the pilot plant and the laboratory.

The Corporation periodically receives financial assistance under government incentive programs. Assistance that compensates DST for expenses incurred 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 costs represented \$492,815 (\$1,747,796 during the same period in 2016).

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	Three months ended		Six months ended	
	June 30,		June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Chlorination process	372,285	1,059,029	700,385	2,052,262
Arsenic stabilization process	22,088	30,038	73,682	101,816
Research and development expenses	394,373	1,089,067	774,067	2,154,078
Government assistance and tax credits	(163,057)	(280,037)	(281,252)	(406,282)
Research and development expenses, net	231,316	809,030	492,815	1,747,796

	Three months ended		Six months ended	
	June 30, 2017		June 30, 2017	
	Chlorination	Arsenic	Chlorination	Arsenic
	\$	\$	\$	\$
Wages and compensation	120,206	21,210	277,533	71,367
Contractors	45,022	878	108,826	1,865
Building maintenance	27,280	-	31,176	450
Equipment	7,179	-	7,746	-
Consumables	15,616	-	80,076	-
Other	156,982	-	195,028	-
Research and development expenses	372,285	22,088	700,385	73,682

	Three months ended		Six months ended	
	June 30, 2016		June 30, 2016	
	Chlorination	Arsenic	Chlorination	Arsenic
	\$	\$	\$	\$
Wages and compensation	348,921	-	765,007	42,068
Contractors	180,156	-	312,963	14,393
Building maintenance	135,867	-	275,140	994
Equipment	221,181	28,311	355,850	33,924
Consumables	56,294	1,570	137,301	9,039
Other	116,610	157	206,001	1,398
Research and development expenses	1,059,029	30,038	2,052,262	101,816

Professional and consulting fees

	Three-month period		Six months ended June 30,	
	ended June 30		June 30,	
	2017	2016	2017	2016
	\$	\$	\$	\$
Legal	12,149	40,763	28,170	65,458
Audit, audit related work and tax compliance	38,768	23,898	128,768	126,068
Accounting	22,113	54,364	53,883	104,095
Consulting administration	47,499	60,000	84,707	120,000
Professional and consulting fees	120,529	179,025	295,528	415,621

Accounting: Remuneration of the former Chief Financial Officer, in the amount of \$41,913 from a private company controlled by him (\$83,606 in Q2-2016). In addition, his company charged fees of \$11,970 for support staff in respect of accounting, bookkeeping and administrative services (\$20,489 in Q2-2016).

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Consulting administration fees relates to the President and Chief Executive Officer's (CEO) compensation. The remuneration of the President and CEO is based on a monthly rate. Until August 2016, fees charged by Dundee for the compensation of the former President and CEO was a fixed amount of \$20,000 per month.

Administrative expenses

	Three-month period ended June 30		Six months ended June 30,	
	2017	2016	2017	2016
				\$
Insurance	53,715	57,055	109,548	108,684
Rent	25,176	33,601	74,598	64,178
Website and technical support	23,486	15,276	39,166	29,351
Transportation and accommodation	12,896	37,556	33,717	60,717
Telecommunications and others	14,291	12,385	33,634	39,925
Administrative expenses	129,564	155,873	290,663	302,855

The increase in rent is due to a timing difference in property taxes.

The decrease in travel expenses during the six months period ending June 30, 2017, is due to current services provided to companies in Canada as compared to the same period last year with activities in Latin America.

Wages and compensation

	Three-month period ended June 30		Six months ended June 30,	
	2017	2016	2017	2016
				\$
Employees	111,037	118,451	196,032	212,949
Director fees	8,000	21,375	17,000	47,250
Administrative expenses	119,037	139,826	213,032	260,199

The variance in wages and compensation is due to:

- Non-executive and independent directors and chairs of committees were incurred fees for an amount of \$17,000 during the six months ended June 30, 2017 (\$47,250 during the same period in 2016);
- Cost-cutting measures were implemented during the first quarter of 2017 compared to the same period of last year.

Other Gains and Losses

During the six months ended June 30, 2017, finance costs relates to interest expenses capitalized on the Dundee short-term loan (\$516,288), the IQ Loan (\$163,487 capitalized and \$58,770 accretion expense), the CED contribution agreement (\$8,965 accretion expense), the bridge loan (\$1,967) and other gain (\$12,782). During the same period of 2016, finance costs relates to interest expenses capitalized on the Dundee short-term loan (\$486,339), the IQ Loan (\$98,863 paid and \$37,424 accretion expense).

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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 financial statements prepared in accordance with IFRS.

	Q2-17	Q1-17	Q4-16	Q3-16
	\$	\$	\$	\$
Total revenue	662,196	211,195	34,499	610,680
Net loss and comprehensive loss	884,541	1,678,010	237,461	1,068,247
Basic and diluted net loss per share	0.003	0.005	0.001	0.003

	Q2-16	Q1-16	Q4-15	Q3-15
	\$	\$	\$	\$
Total revenue	553,752	Nil	Nil	Nil
Net loss and comprehensive loss	1,365,395	1,759,069	2,257,245	1,687,264
Basic and diluted net loss per share	0.004	0.005	0.007	0.005

The variation in net loss and comprehensive loss is mainly attributable to the level of research and development activities from one quarter to the other.

OUTLOOK FOR 2017

The Company is moving towards the commercialization of its technologies and seeking to maximize the value of all of its assets to accelerate this growth. The Corporation has four initiatives that it will execute to ensure success.

Chlorination Process:

The processing of complex concentrate from Chile was completed in December 2016 and the Corporation finalized the Demonstration Campaign Report during the first quarter of 2017. The processing of these materials continued to establish the proof of concept of the Corporation's chlorination process for different ore and concentrate streams. The intention is to initiate an independent technical-economic study, designed with the objective of building DST' first commercial plant in partnership with a strategic partner.

Arsenic Stabilization Process:

The Corporation completed the engineering of an onsite industrial scale demonstration plant to be delivered to a customer. DST anticipates that the construction will commence in the third quarter of 2017. This plant will be financed by the customer and will provide proof of the arsenic technology in an industrial environment.

Arsenopyrite:

The Corporation has recently signed a contract to further validate its technologies on more complex ores and is pilot testing a five tonne sample of complex refractory ore. Successful completion of this project, expected in the second quarter of 2017, will open up a number of deposits to development that were previously stranded.

Technical Services:

With the completion of the two gold chlorination demonstration campaigns, the Corporation owns a state of the art crushing, grinding, mineral processing (hydrometallurgy and pyrometallurgy) facility which is being made available for test programs from the lab scale up to the thousands of tonnes scale. Management is in discussions with numerous parties with respect to specific projects that could maximize the value of our Thetford facility.

Management estimates that the Corporation will have to raise approximately \$2 million to fund its operations and to continue its activities in 2017. 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 through the issuance of debt or new equity in public or privately negotiated equity

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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, 2017 and 2016

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 15.2 to the financial statements for the six months ended June 30, 2017).

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 June 30, 2017 and December 31, 2016 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 18 to the annual consolidated financial statements for the years ended December 31, 2016 and 2015.

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 2016 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 2017 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

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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.

INFORMATION CONCERNING DUNDEE SUSTAINABLE TECHNOLOGIES

Additional information relating to Dundee Sustainable Technologies may be found on SEDAR at www.sedar.com and the Corporation's website at www.dundeetechnologies.com.

August 4, 2017

(s) Brian Howlett

Brian Howlett
President and CEO

(s) Arved Marin

Arved Marin
CFO