

Dundee Sustainable Technologies Inc.

Condensed Interim Consolidated Financial Statements (Unaudited)

As at and for the three months ended March 31, 2019
(Expressed in Canadian dollars)

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

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Dundee Sustainable Technologies Inc.

Condensed Interim Consolidated Statements of Financial Position

(Unaudited)

(Expressed in Canadian dollars)

	Note	As at March 31, 2019 \$	As at December 31, 2018 \$
Assets			
Current assets			
Cash		302,187	116,185
Accounts receivable	4	561,897	1,247,700
Sales tax receivable		27,935	-
Other assets		62,291	65,568
Prepaid expenses		17,763	9,000
		<u>972,073</u>	<u>1,438,453</u>
Non-current assets			
Investment in a related company		59,250	59,250
Property, plant and equipment	5	1,336,645	-
Intangible assets	6	4,383,122	4,498,468
		<u>5,779,017</u>	<u>4,557,718</u>
Total assets		<u>6,751,090</u>	<u>5,996,171</u>
Liabilities and Deficiency			
Current liabilities			
Accounts payable and accrued liabilities		1,523,705	1,715,721
Sales tax payable		-	49,896
Contract liabilities		18,706	61,199
Promissory notes from a related party	8	3,851,340	2,950,905
Short-term loans from a related party	8	13,020,684	12,760,865
		<u>18,414,435</u>	<u>17,538,586</u>
Non-current liabilities			
Lease liability	2	1,356,034	-
Long-term debt	9	239,229	232,430
Convertible debenture	9	4,718,489	4,582,124
Total liabilities		<u>24,728,187</u>	<u>22,353,140</u>
Deficiency			
Share capital	10	55,057,673	55,057,673
Contributed surplus		8,068,668	8,068,668
Deficit		(81,103,438)	(79,483,310)
Total deficiency		<u>(17,977,097)</u>	<u>(16,356,969)</u>
Total liabilities and deficiency		<u>6,751,090</u>	<u>5,996,171</u>
Going concern	1		
Commitments	14		
Subsequent events	17		

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

Dundee Sustainable Technologies Inc.

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited)

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars, except number of shares)

	Note	2019	2018
		\$	\$
Sale of services		172,836	518,925
Expenses			
Operating expenses related to services		145,544	436,445
Research and development	13	549,121	345,872
Professional and consulting fees	16	77,146	131,727
Administrative		120,849	143,468
Wages and compensation	16	184,766	135,930
Shareholder communication	16	22,663	23,077
Amortization of intangible assets		115,345	-
Total expenses		1,215,434	1,216,519
Operating loss		(1,042,598)	(697,594)
Finance cost	8,9	(580,280)	(433,871)
Gain (loss) on foreign currency exchange		2,750	6,247
Net loss and comprehensive loss		(1,620,128)	(1,125,218)
Basic and diluted net loss per share		-	-
Weighted average number of shares outstanding – basic and diluted		364,942,521	361,429,863

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

Dundee Sustainable Technologies Inc.

Condensed Interim Consolidated Statements of Changes in Deficiency

(Unaudited)

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars, except number of shares)

Note	Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Number	\$	Number	\$	\$	\$	\$
Balance – December 31, 2018	50,000,000	3,963,875	314,942,521	51,093,798	8,068,668	(79,483,310)	(16,356,969)
Net loss for the period	-	-	-	-	-	(1,620,128)	(1,620,128)
Balance – March 31, 2019	50,000,000	3,963,875	314,942,521	51,093,798	8,068,668	(81,103,438)	(17,977,097)

Note	Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Number	\$	Number	\$	\$	\$	\$
Balance – December 31, 2017	50,000,000	3,963,875	311,376,530	50,898,972	7,508,232	(74,679,143)	(12,308,064)
Exercise of options	12	-	600,000	50,444	(20,444)	-	30,000
Net loss for the period	-	-	-	-	-	(1,125,218)	(1,125,218)
Balance – March 31, 2018	50,000,000	3,963,875	311,976,530	50,949,416	7,487,788	(75,804,361)	(13,403,282)

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

Dundee Sustainable Technologies Inc.

Condensed Interim Consolidated Statements of Cash Flows

(Unaudited)

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

	Note	2019	2018
		\$	\$
Operating activities			
Net loss for the period		(1,620,128)	(1,125,218)
Adjusted for:			
Depreciation of property, plant and equipment included in research and development		34,272	2,350
Amortization of intangible assets	6	115,346	-
Amortization of long-term debt discount	9	6,799	6,058
Amortization of convertible debenture discount	9	42,054	34,844
Finance cost accrued	8,9	490,564	392,970
		(931,093)	(688,996)
Changes in non-cash operating working capital items:			
Accounts receivable		685,803	(538,556)
Sales taxes receivables		(77,831)	(27,577)
Other assets		3,277	6,216
Prepaid expenses		(8,763)	1,034
Accounts payable and accrued liabilities		(192,016)	705,677
Contract liabilities		(42,493)	33,333
Lease liability		(14,882)	-
Deferred payment		-	(113,547)
		353,095	66,580
Net cash used in operating activities		(577,998)	(622,416)
Financing activities			
Exercise of options	12	-	30,000
Promissory note from a related party	8	764,000	400,000
Net cash provided by financing activities		764,000	430,000
Net change in cash during the period		186,002	(192,416)
Cash – beginning of period		116,185	494,799
Cash – end of period		302,187	302,383
Going concern	1		
Supplemental information	15		

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

Dundee Sustainable Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2019 and 2018

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

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, from ores and concentrates. The Corporation provides environmentally friendly, viable and efficient processes capable of handling ores which may not be processed with conventional approaches due to metallurgical issues or environmental considerations. The precious metal recovery process now called the CLEVR Process™ uses sodium hypochlorite with a catalytic amount of sodium hypobromite in acidic conditions to put the gold into solution. The efficiency of the process, coupled with its closed-loop operating conditions, plant size and construction material allow for competitive operating and capital costs. When dealing with arsenic bearing ores often associated with copper, gold, silver or polymetallic deposits, the Corporation has developed new processes to remove and incorporate arsenic into a highly stable glass matrix. The Corporation refers to this technology as the GlassLock Process™. The costs of sequestering the arsenic using DST’s GlassLock Process™ are lower than those of conventional approaches, such as the formation of scorodite, and produces a stable, insoluble glass residue meeting environmental requirements.

While these technologies are currently being commercialized, they are subject to all risks inherent in their ongoing development and adoption. They may require significant additional development, testing and investment prior to any final acceptance by the market. There can be no assurance that such technologies will be successfully developed, or that output from any use of the Corporation’s technologies could be produced at a commercial level at a reasonable cost or be successfully marketed. To date, the Corporation has not earned significant revenues from its patented technologies. However, since the Corporation is in advanced discussions with several gold companies about including the CLEVR Process™ as part of new projects, management has made the decision to begin amortizing the intangible assets as at October 1, 2018. As at March 31, 2019, Dundee Corporation (“Dundee”) was the principal and majority shareholder of the Corporation.

For the three months ended March 31, 2019, the Corporation incurred a loss of \$1,620,128 (\$1,125,218 for the three months ended March 31, 2018) and has negative working capital of \$17,442,362 (2017 – \$16,100,133). Deficit as at March 31, 2019 amounted to \$81,103,438 (2017 – \$79,483,310) and cash flows used in operating activities for the three months ended March 31, 2019 amounted to \$577,998 (\$622,416 for the three months ended March 31, 2018).

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures for the next twelve months through to March 31, 2020. The Corporation will therefore periodically have to raise additional funds to continue operations. The Corporation is pursuing financing alternatives to fund its operations and to continue its activities as a going concern. Although there is no assurance that the Corporation will be successful in these actions, management believes, that the Corporation will be able to secure the necessary financing through the issuance of debt or new equity in public or privately negotiated equity offerings. While it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

Although these condensed interim consolidated financial statements have been prepared using International Financial Reporting Standards (“IFRS”) applicable to a going concern, the above-noted facts and circumstances cast significant doubt on the Corporation’s ability to continue as a going concern.

These condensed interim consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

On May 9, 2019, these consolidated financial statements were approved by the Board of Directors.

Dundee Sustainable Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The significant accounting policies used in the preparation of these condensed interim consolidated financial statements are described below.

2.1 Basis of presentation

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board ("IASB"), and with interpretations of the International Financial Reporting Interpretations Committee ("IFRIC") which the Canadian Accounting Standards Board has approved for incorporation into Part 1 of the CPA Canada Handbook – Accounting, as applicable to the preparation of interim financial statements, including International Accounting Standard ("IAS") 34, "Interim Financial Reporting". These condensed interim Consolidated Financial Statements should be read in conjunction with the Corporation's audited consolidated financial statements as at and for the year ended December 31, 2018 which were prepared in accordance with IFRS as applicable for annual financial statements.

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, 2018.

2.2 Changes in accounting policies

Effective January 1, 2019, the following new standard have been applied when preparing these condensed interim consolidated financial statements. The Corporation adopted IFRS 16, *Leases*. The Corporation adopted this new standard retrospectively. The impact of applying the standard is described below.

IFRS 16, Leases

IFRS 16, issued in January 2016, replaces IAS 17, *Leases*. IFRS 16 results in most leases being reported on the balance sheet for lessees, eliminating the distinction between a finance lease and an operating lease. IFRS 16 requires lessees to recognize a right of use ("ROU") asset and a lease liability calculated using a prescribed methodology, except for short-term leases and leases with low-value underlying assets. In addition, the nature and timing of expenses related to leases has changed, as IFRS 16 replaces the straight-line operating leases expense with the depreciation expense for the ROU assets and interest expense on the lease liabilities. Effective January 1, 2019, the Corporation adopted IFRS 16 and the impact of the transition is shown below. The Corporation's new accounting policy under IFRS 16 is as follows:

Leases

At the beginning of a lease contract, the Corporation assesses if the contract gives the right to control the identified asset for a period of time in exchange for a consideration. A ROU asset and a lease liability is recognized at the beginning of the lease contract. The ROU is initially recognized at cost which comprises the initial amount of the lease liability adjusted for any lease payments made at or before the commencement date, plus any initial direct costs incurred, less any lease incentives received.

The ROU asset is depreciated using the straight-line method from the beginning to the end of the lease term, including any option to extend the lease if the Corporation is reasonably certain to exercise that option. In addition, the ROU asset is periodically reduced by impairment losses, if any, and adjusted for certain remeasurements of the lease liability.

The lease liability is initially measured at the present value of the future lease payments. These payments are discounted using the Corporation's incremental borrowing rate. The lease liability is subsequently measured at amortized cost using the effective interest method whereby the balance is increased by interest expense and decreased by lease payments. It is remeasured when there is a change in future lease payments, or if the Corporation changes its assessment of whether it will exercise a extension or termination option.

Dundee Sustainable Technologies Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Unaudited)
For the three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars)

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

2.2 Changes in accounting policies (Cont'd)

The Corporation recognizes ROU assets within property, plant and equipment and lease liabilities in non-current liabilities in the consolidated balance sheets

Transition

At the transition date, the Corporation only had one long-term lease classified as operating leases under IAS 17. A lease liability was measured at the present value of the remaining lease payments discounted at the incremental borrowing rate as at January 1, 2019. ROU assets were measured at their carrying amount, discounted using the incremental borrowing rate as at January 1, 2019. The Corporation's incremental borrowing rate applied is 11.7%. On transition to IFRS 16, the Corporation recognized \$1.4 million of ROU assets and its related lease liabilities.

3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim consolidated financial statements for the three months ended March 31, 2019, 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, 2018.

4. ACCOUNTS RECEIVABLE

The accounts receivable includes the technical services, unbilled services and other receivables. Technical services receivable is generated from customers to evaluate processing alternatives using the Corporation's processing facility. Other receivables are the reimbursements of project expenses generated under the collaboration agreement with a related party (note 7).

	As at March 31, 2019	As at December 31, 2018
	\$	\$
Technical services	322,416	768,857
Unbilled revenues	12,960	50,380
Other receivables	226,521	428,463
	561,897	1,247,700

As at March 31, 2019, accounts receivable from related parties amounted to \$264,260 (2018 – \$455,847).

Dundee Sustainable Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	Vehicles and equipment	Right to use asset	Total
Gross carrying amount	\$	\$	\$
Balance – January 1, 2019	47,000		47,000
Initial asset recognition IFRS 16	-	1,370,917	1,370,917
Balance – March 31, 2019	47,000	1,370,917	1,417,917
Accumulated depreciation			
Balance – January 1, 2019	47,000	-	47,000
Depreciation	-	34,272	34,272
Balance – March 31, 2019	47,000	34,272	81,272
Net carrying amount – March 31, 2019	-	1,336,645	1,336,645
Net carrying amount – December 31, 2018	-	-	-

6. INTANGIBLE ASSETS

	Intangible assets
Gross carrying amount	\$
Balance – January 1 and March 31, 2019:	
Intellectual properties – Oxide	605,000
Patent application fees – Oxide	129,474
Development cost – Oxide	5,809,233
Less: SR&ED tax credit	(1,929,894)
	4,613,813
Accumulated amortization	
Balance – January 1, 2019	115,345
Amortization	115,346
Balance – March 31, 2019	230,691
Net carrying amount – March 31, 2019	4,383,122
Net carrying amount – December 31, 2018	4,498,468

7. GOVERNMENT ASSISTANCE

In September 2017, the Corporation entered into a collaboration agreement with a related party for the construction and operation of an onsite demonstration plant using the Corporation's proprietary arsenic stabilization technology (the "Arsenic demo plant"). The Arsenic demo plant, to be funded by this related party, has an estimated capital cost of US\$3.1 million and was erected at the related party's metals processing facility. As at March 31, 2019, the commissioning of the Arsenic demo plant was completed.

In January 2018, the Corporation was awarded funding by the Government of Canada through the Sustainable Development Technology Canada Foundation ("SDTC") for continued development of its patented GlassLock Process™. This funding will assist the Corporation in constructing and operating the Arsenic demo plant for metals processing facility. The construction of the Arsenic demo plant was completed in the fourth quarter of 2018, and it has started operations in the first quarter of 2019. Under the terms of the agreement, the SDTC will contribute up to the lesser of 20.7% of eligible project costs or \$1.25 million.

As part of the SDTC contribution agreement, the Corporation has received a total of \$734,155 in 2018 from the SDTC to assist with the construction and operation of the arsenic vitrification plant. The contribution was recognized through comprehensive loss.

Dundee Sustainable Technologies Inc.
Notes to Condensed Interim Consolidated Financial Statements
(Unaudited)
For the three months ended March 31, 2019 and 2018
(Expressed in Canadian dollars)

8. PROMISSORY NOTES AND SHORT-TERM LOANS FROM A RELATED PARTY

8.1 Promissory notes

The Corporation signed six promissory notes payable on demand to a wholly owned subsidiary of Dundee along with interest at a rate of 18% per annum. As at March 31, 2019, the principal amount of the promissory note totals \$3,439,000 (2017 – \$2,675,000) and the finance cost accrued during the three months ended March 31, 2019 amounted to \$136,435 (\$29,885 during the same period of last year) (note 17).

Promissory notes	Three months ended	
	March 31,	
	2019	2018
	\$	\$
Balance – beginning of period	2,950,905	513,808
Principal amount	764,000	400,000
Finance costs accrued	136,435	29,885
Balance – end of period	3,851,340	943,693

8.2 Short-term loans

The short-term loans, from a wholly owned subsidiary of Dundee, bear interest at the rate of 12.68% per annum and are 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. The interest is payable concurrently with the repayment of the loans. In 2018, the maturity date of the loans was extended to the earlier of November 30, 2019 and the date at which the Corporation raises the sum of \$10,000,000 or greater by way of issuing debt or equity. The Corporation has the option to repay the loans at any time.

As at March 31, 2019, the principal amount of the loans totaled \$8,310,000 (2018 – \$8,310,000).

Short-term loans	Three months ended	
	March 31,	
	2018	2018
	\$	\$
Balance – beginning of period	12,760,865	11,707,157
Finance costs accrued	259,817	259,819
Balance – end of period	13,020,684	11,966,976

9 CONVERTIBLE DEBENTURE AND LOANS

9.1 Convertible debenture

In 2015, the Corporation completed a \$5,000,000 financing with IQ consisting of a private placement of subordinated voting shares of \$1,000,000 and a secured convertible loan in an amount of up to \$4,000,000 (the "IQ Loan"). IQ advanced \$1,900,000 in 2015 and \$2,100,000 in 2016.

The IQ Loan, which is evidenced by a secured convertible debenture, will mature in five years, bears interest at a rate of 8% per annum, is payable quarterly, and can be converted after one year at the holder's option into subordinate voting shares of the Corporation at a conversion price equal to the closing market price of the shares on the day prior to conversion. The Corporation has the right to redeem the IQ Loan subject to a 10% premium. Starting October 1, 2016, interest has been capitalized. During the three months ended March 31, 2019, the Corporation capitalized \$94,311 in interest (\$103,267 during the three months ended March 31, 2018).

Dundee Sustainable Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

9 CONVERTIBLE DEBENTURE AND LOANS (CONT'D)

9.1 Convertible debenture (Cont'd)

The IQ Loan is secured by a hypothec, *pari passu* with Dundee's loan and CED's contribution, over all of the Corporation's property other than its intellectual property and is guaranteed by Dundee in an amount of up to \$1,500,000.

The fair value of the debt components advanced in 2016 and 2015 was estimated at \$1,857,543 and \$1,642,950, respectively, using an effective rate of 11.7% corresponding to a rate that the Corporation would have obtained for a similar non-subsidized financing. No value has been assigned to the equity conversion option, as the conversion price is equal to the closing market price of the shares on the day prior to conversion.

	Three months ended	
	March 31,	
	2019	2018
	\$	\$
Carrying amount of the liability component – beginning of period	4,582,124	4,052,043
Capitalized interest expense	94,311	103,267
Amortization of convertible debenture discount	42,054	34,843
Carrying amount of the liability component – end of period	4,718,489	4,190,153

9.2 CED contribution agreement

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

The fair value of the debt components 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.

	Three months ended	
	March 31,	
	2019	2018
	\$	\$
Balance – beginning of period	232,430	207,114
Amortization of long-term debt discount	6,799	6,058
Balance – end of period	239,229	213,172

Dundee Sustainable Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

10. SHARE CAPITAL

Authorized

On March 31, 2019 and December 31, 2018, 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.

11. WARRANTS

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

	Three months ended March 31,			
	2019		2018	
	Number of warrants	Carrying amount	Number of warrants	Carrying amount
		\$		\$
Balance – Beginning and end of period	14,285,714	200,000	14,285,714	200,000

12. STOCK OPTION PLAN

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

	Three months ended March 31,			
	2019		2018	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – beginning of period	21,352,500	0.08	23,802,500	0.08
Exercised ⁽¹⁾	-	-	(600,000)	0.05
Forfeited	(400,000)	0.05	(600,000)	0.20
Balance – end of period	20,952,500	0.08	22,602,500	0.08

⁽¹⁾ The weighted average market price of the shares was \$0.08 at the time of exercise.

Dundee Sustainable Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

12. STOCK OPTION PLAN (CONT'D)

As at March 31, 2019, outstanding and exercisable options are as follows:

Number of options	Weighted average exercise price	Expiry date
	\$	
400,000	0.09	June 7, 2019
302,500	0.20	October 2, 2019
10,450,000	0.05	February 3, 2022
1,700,000	0.20	November 27, 2022
7,100,000	0.10	April 18, 2023
500,000	0.10	April 26, 2023
500,000	0.10	June 18, 2023
20,952,500		

The residual weighted average contractual term of outstanding options was 3.30 years as at March 31, 2019.

13. RESEARCH AND DEVELOPMENT

	Three months ended March 31,	
	2019	2018
	\$	\$
Research and development	915,360	1,405,181
Recognition of a related party contribution through comprehensive loss as per eligible Arsenic demo plant expenditures incurred during the period	(366,239)	(1,059,309)
	549,121	345,872

14. COMMITMENTS

Lease payments

On July 1, 2013, the Corporation entered into a 10-year lease for the Thetford Mines facility at an annual rent of \$204,380 that is subject to a yearly increase of 1.5%.

On March 9, 2018, the Corporation entered into a lease extension for its head office until August 31, 2019. The annual rent is \$51,000.

The aggregate annual payments due over the following periods are as follows:

	As at March 31, 2019
	\$
Less than 1 year	243,071
Between 1 and 5 years	743,829

Dundee Sustainable Technologies Inc.

Notes to Condensed Interim Consolidated Financial Statements

(Unaudited)

For the three months ended March 31, 2019 and 2018

(Expressed in Canadian dollars)

15. SUPPLEMENTAL CASH FLOW INFORMATION

	Three months ended	
	March 31,	
	2019	2018
Finance cost paid	\$ 909	\$ -

16. COMPARATIVE FIGURES

Certain reclassifications have been made to the prior year's consolidated financial statements to enhance comparability with the current year's consolidated financial statements to better present the compensation to employees and officers and the expenses related to shareholder communications.

As a result, certain line items have been amended in the consolidated statement of loss and comprehensive loss. Comparative figures have been adjusted to conform to the current year's presentation.

	Three months ended	
	March 31,	
	2018	2018
	Previously reported	After reclassification
	\$	\$
Professional and consulting fees	131,727	84,228
Wages and compensation	135,930	183,429
Shareholder communications	-	23,077
Investor relations and promotion	10,485	-
Trustee and registration fees	12,592	-

17. SUBSEQUENT EVENTS

Promissory note

On May 2, 2019, the Corporation signed a promissory note in the principal amount of \$400,000 payable on demand to a wholly owned subsidiary of Dundee along with interest at a rate of 18% per annum.