

# **Dundee Sustainable Technologies Inc.**

Condensed Interim Consolidated Financial Statements  
(Unaudited)

As at and for the six months ended June 30, 2023.  
(Expressed in Canadian dollars)

**NOTICE OF NO AUDITOR REVIEW OF CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS**

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

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

# Dundee Sustainable Technologies Inc.

## Consolidated Statements of Financial Position

(Expressed in Canadian dollars)

	Note	As at June 30, 2023	As at December 31, 2022
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		1,091,647	511,691
Accounts receivable	4	805,675	612,212
R&D tax credit receivable		148,712	111,000
Other assets		92,605	98,271
Prepaid expenses		27,317	24,796
		2,165,956	1,357,970
<b>Non-current assets</b>			
Property, plant and equipment	5	615,954	690,582
Intangible assets	6	2,422,252	2,652,942
		3,038,206	3,343,524
<b>Total assets</b>		<b>5,204,162</b>	<b>4,701,494</b>
<b>Liabilities and Deficiency</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		1,348,724	1,010,206
Sales tax payable		4,204	58,530
Contract liabilities		20,513	19,381
Current portion of lease liability	5	127,209	135,291
Current portion of long-term debts	8	333,578	327,921
Promissory note from a related party	7	4,307,798	2,119,877
Loan from a related party	7	10,675,921	10,116,538
Convertible debenture	8	4,855,225	4,588,245
		21,673,172	18,375,989
<b>Non-current liabilities</b>			
Lease liability	5	678,058	739,143
Long-term debts	8	684,570	814,045
<b>Total liabilities</b>		<b>23,035,800</b>	<b>19,929,177</b>
<b>Deficiency</b>			
Share capital	9	68,907,882	68,907,882
Contributed surplus	10	9,402,047	9,402,047
Deficit		(96,141,567)	(93,537,612)
<b>Total deficiency</b>		<b>(17,831,638)</b>	<b>(15,227,683)</b>
<b>Total liabilities and deficiency</b>		<b>5,204,162</b>	<b>4,701,494</b>
<b>Going concern</b>	1		

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

## Dundee Sustainable Technologies Inc.

### Consolidated Statements of Loss and Comprehensive Loss

For the three and six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars, except number of shares)

	Note	Three months ended		Six months ended	
		2023	2022	2023	2022
		\$	\$	\$	\$
Sale of services		1,012,352	987,306	1,757,951	2,063,997
<b>Expenses</b>					
Operating expenses related to services		820,590	892,863	1,452,895	1,668,637
Research and development, net of credits	12	240,620	111,519	490,530	368,932
Professional and consulting fees		238,207	118,912	540,982	166,491
Administrative		72,334	102,688	146,276	184,975
Wages and compensation		148,998	147,734	275,995	258,992
Shareholder communication		16,016	37,484	50,991	60,889
Depreciation of property, plant and equipment		6,859	6,860	13,719	13,720
Amortization of intangible assets		115,346	115,346	230,691	230,691
Total expenses		1,658,970	1,533,406	2,202,079	2,953,327
<b>Operating (loss)income</b>		<b>(646,618)</b>	<b>(546,100)</b>	<b>(1,444,128)</b>	<b>(889,330)</b>
Other income		-	5,648	-	8,356
Finance income		30	-	57,697	19,557
Finance cost	7,8	(605,749)	(479,604)	(1,185,832)	(936,997)
(Loss) gain on foreign currency exchange		(25,847)	12,545	(31,692)	16,731
<b>Net loss and comprehensive loss</b>		<b>(1,278,184)</b>	<b>(1,007,511)</b>	<b>(2,603,955)</b>	<b>(1,781,683)</b>
<b>Basic and diluted net loss per share</b>		<b>(0.02)</b>	<b>(0.02)</b>	<b>(0.04)</b>	<b>(0.03)</b>
<b>Weighted average number of shares outstanding – basic and diluted</b>		<b>66,695,774</b>	<b>66,695,774</b>	<b>65,565,326</b>	<b>65,565,326</b>

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

## Dundee Sustainable Technologies Inc.

### Consolidated Statements of Changes in Deficiency

For the six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars, except number of shares)

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

		Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Note	Number	\$	Number	\$	\$	\$	\$
<b>Balance – December 31, 2021</b>	9	2,500,000	3,963,875	60,667,997	64,570,062	9,039,217	(89,762,685)	(12,189,531)
Issuance of shares		-	-	3,527,777	635,000	-	-	635,000
Fair value warrants issuance					(261,055)	261,055	-	-
Net and comprehensive loss for the period		-	-	-	-	-	(1,781,683)	(1,781,683)
<b>Balance – June 30, 2022</b>		2,500,000	3,963,875	64,197,774	64,944,007	9,300,272	(91,554,368)	(13,336,214)

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

# Dundee Sustainable Technologies Inc.

## Consolidated Statements of Cash Flows

For the six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

	Note	2023 \$	2022 \$
<b>Operating activities</b>			
Net loss for the period		(2,603,955)	(1,781,683)
Adjusted for:			
Depreciation of property, plant and equipment	5	13,719	13,720
Depreciation of property, plant and equipment included in research and development	5	60,909	60,909
Amortization of intangible assets	6	230,690	230,691
Debt discounts	7	(57,667)	(87,270)
Amortization of debt discounts	7,8	356,846	248,958
Finance cost accrued	7,8	758,075	617,761
		(1,241,383)	(696,914)
Changes in non-cash operating working capital items:			
Accounts receivable		(193,463)	(154,093)
R&D tax credit receivable		(37,712)	(39,061)
Sales tax receivable/payable		(54,326)	(26,255)
Other assets		5,666	(1,463)
Prepaid expenses		(2,521)	(9,788)
Accounts payable and accrued liabilities		338,518	79,183
Contract liabilities		1,132	(205,173)
		57,294	(356,650)
<b>Net cash (used) generated in operating activities</b>		<b>(1,184,089)</b>	<b>(1,053,564)</b>
<b>Financing activities</b>			
Principal elements of lease payments	5	(69,167)	(60,117)
Long-term loan		-	359,956
Long-term debts payment	8	(166,788)	(28,356)
Issuance of shares		-	635,000
Promissory note from a related party		2,000,000	450,000
<b>Net cash provided by (used in) financing activities</b>		<b>1,764,045</b>	<b>1,356,483</b>
Net change in cash and cash equivalents during the period		579,956	302,919
Cash and cash equivalents – beginning of period		511,691	457,716
<b>Cash and cash equivalents – end of period</b>		<b>1,091,647</b>	<b>760,635</b>

Supplemental information

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

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

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### 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 2000 Peel Street, Suite 860, Montréal, Quebec, Canada, H3A 2W5.

The Corporation is commercializing two primary metallurgical processes for the treatment of complex and refractory material from mining operations. DST’s processes are applied for the extraction of precious metals and for the removal and stabilization of contaminants, such as arsenic, antimony, and cadmium from ores and concentrates.

While these technologies are currently being commercialized, they are subject to all the risks inherent in their ongoing adaptation to potential customers’ specifications and adoption. They may require significant additional development, testing and investment prior to any final acceptance by the market. There can be no assurance that such technologies will be successfully developed, or that output from any use of the Corporation’s technologies could be produced at a commercial level at a reasonable cost or be successfully marketed. To date, the Corporation has not earned significant revenues from its patented technologies. At June 30, 2023, Dundee Corporation (“Dundee”) was the principal and majority shareholder of the Corporation.

For the six months ended June 30, 2023, the Corporation incurred a loss of \$1,781,683 (2022 – \$2,603,955) and has a negative working capital of \$19,507,216 (2022 – \$17,018,019). Deficit as at June 30, 2023 amounted to \$96,141,567 (2022 – \$93,537,612) and cash flows used in operating activities for the six months ended June 30, 2023 amounted to \$1,184,089 (2022 – \$1,053,564).

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through to June 30, 2024. The Corporation will therefore have to raise additional funds to continue operations and pay or renegotiate its debts. The Corporation is pursuing financing alternatives to fund its operations and to continue its activities as a going concern. Although there is no assurance that the Corporation will be successful in these actions, management believes that the Corporation will be able to secure the necessary financing through the issuance of debt or new equity in public or privately negotiated equity offerings. While it has been successful in doing so in the past, there can be no assurance that it will be able to do so in the future.

Although these consolidated financial statements have been prepared using International Financial 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 consolidated financial statements do not reflect the adjustments to the carrying values of assets and liabilities, to the reported expenses and to the financial position classifications that would be necessary if the going concern assumption was inappropriate. These adjustments could be material.

On August 9, 2024, these consolidated financial statements were approved by the Board of Directors.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

### Basis of preparation

These condensed interim consolidated financial statements have been prepared in accordance with IFRS as issued by the International Accounting Standards Board (“IASB”), as applicable to the preparation of interim financial statements, including International Accounting Standard (“IAS”) 34, “Interim Financial Reporting”. These condensed interim consolidated financial statements should be read in conjunction with the Corporation’s audited consolidated financial statements as at and for the year ended December 31, 2022 which were prepared in accordance with IFRS as issued by the IASB.

The condensed interim consolidated financial statements follow the same accounting principles and methods of application as those disclosed in Note 2 to the audited consolidated financial statements as at and for the year ended December 31, 2022.

### 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

The preparation of the condensed interim consolidated financial statements for the six months ended June 30, 2023 are made in accordance with IFRS requires the Corporation to make judgments in applying its accounting policies and estimates and assumptions about the future. These judgments, estimates and assumptions affect the Corporation’s reported amounts of assets, liabilities, and items in net earnings or loss, and the related disclosure of contingent assets and liabilities, if any. The Corporation evaluates its estimates on an ongoing basis.

Such estimates are based on various assumptions that the Corporation believes are reasonable under the circumstances, and these estimates form the basis for making judgments about the carrying value of assets and liabilities and the reported amount of items in net earnings or loss that are not readily apparent from other sources. Actual results may differ from these estimates under different assumptions or conditions. There have been no significant changes in accounting judgments, estimates and assumptions made by the Corporation in the preparation of these condensed interim consolidated financial statements from those judgments, estimates and assumptions disclosed in note 3 to the audited consolidated financial statements as at and for the year ended December 31, 2022.

### 4. ACCOUNTS RECEIVABLE

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

	<b>As at June 30, 2023</b>	<b>As at December 31, 2022</b>
	\$	\$
Technical services	805,675	612,212
	<b>805,675</b>	<b>612,212</b>



# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

### 5. PROPERTY, PLANT AND EQUIPMENT

	Vehicles and equipment	Right of use asset	Total
	\$	\$	\$
<b>Gross carrying amount</b>			
Balance – January 1, 2023	47,000	1,296,521	1,343,521
Balance – June 30, 2023	47,000	1,296,521	1,343,521
<b>Accumulated depreciation</b>			
Balance – January 1, 2023	47,000	605,939	652,939
Depreciation	-	74,628	74,628
Balance – June 30, 2023	47,000	680,567	727,567
<b>Net carrying amount – June 30, 2023</b>	<b>-</b>	<b>615,954</b>	<b>615,954</b>
<b>Net carrying amount – December 31, 2022</b>	<b>-</b>	<b>690,582</b>	<b>690,582</b>

#### Leases

The Corporation recognized a ROU asset and its related lease liability in connection with the head office lease and the demonstration plant facilities. The ROU asset is depreciated on a straight-line basis over the term of the lease, which is expected to mature in September 2023 and July 2028, respectively. As is common for such leases, the Corporation pays to the landlord its share of common costs that are expensed as incurred.

Lease liability	Six months ended June 30,	
	2023	2022
		\$
Balance – beginning of the period	874,434	999,805
Principal portion of lease payments	(69,167)	(60,116)
<b>Balance – end of the period</b>	<b>805,267</b>	<b>939,689</b>
Current lease liability	127,209	134,421
Non-current lease liability	678,058	805,268

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

	Six months ended June 30,	
	2023	2022
	\$	\$
Depreciation ROU asset	13,719	13,719
Depreciation ROU asset included in research and development	60,909	60,909
Interest expense included in finance cost	49,487	57,040

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

### 6. INTANGIBLE ASSETS

Intangible assets	Six months ended	
	June 30,	
Gross carrying amount	2023	2022
Balance – January 1 and June 30:	\$	\$
Intellectual properties	605,000	605,000
Patent application fees	129,474	129,474
Development cost	5,809,233	5,809,233
Less: SR&ED tax credit	(1,929,894)	(1,929,894)
	4,613,813	4,613,813
<b>Accumulated amortization</b>		
Balance – January 1	1,960,871	1,499,489
Amortization	230,690	115,346
Balance – June 30	2,191,561	1,730,180
<b>Net carrying amount – June 30</b>	<b>2,422,252</b>	<b>2,883,633</b>

### 7. PROMISSORY NOTES AND LOANS FROM A RELATED PARTY

#### 7.1 Promissory notes

On September 16, 2020, September 8, 2021, January 6, August 3, 2022 and January 12, 2023, the Corporation signed five promissory notes in the principal amounts of \$450,000, \$550,000, \$450,000, \$500,000 and \$2,000,000 respectively, payable to a wholly owned subsidiary of Dundee. The promissory notes have a maturity date of July 13, 2023 along with interest at a rate of 8% per annum. As at March 31, 2023, the principal amount of the promissory note totaled \$3,950,000 (2022 – \$1,950,000) and the finance cost accrued during the six months ended June 30, 2023 amounted to \$161,479 (\$60,187 for the six months ended June 30, 2022). In the case of the last two promissory note signed on August 3, 2022, and January 12, 2023, the note was secured by a hypothec over all of the Corporation's intellectual property. The fair value of the promissory notes was estimated at \$414,266, \$521,043, \$430,443, \$486,347 and \$1,942,333 respectively, using an effective rate of 11% for the first 4 notes and 14% for the last notes signed in 2023, corresponding to a rate that the Corporation would have obtained for a similar financing with a third party. The discounted amount was recognized as finance income in the consolidated statement of loss and comprehensive loss.

Promissory notes	Six months ended	
	June 30,	
	2023	2022
	\$	\$
Balance – beginning of period	2,119,877	1,015,640
Principal amount advanced	2,000,000	450,000
Finance cost accrued	161,479	60,186
Promissory note discounted at fair value	(57,667)	(19,557)
Amortization of promissory note discount	84,109	19,171
<b>Balance – end of period</b>	<b>4,307,798</b>	<b>1,525,440</b>

#### 7.2 Loan from a related party

The Corporation held 2 short-term loans, from a wholly owned subsidiary of Dundee, bearing interest at the rate of 12.68% per annum and secured by a hypothec, pari passu with Investissement Québec's ("IQ") convertible debenture and Canada Economic Development for Quebec Regions' (CED) contribution, over all of the Corporation's property other than its intellectual property.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

On July 31, 2020, the Corporation entered into a debt settlement agreement with respect to its short-term debt to convert a total of \$5,940,384 of its debt into subordinate voting shares. As part of the debt settlement agreement, the remaining portion of the debt owed to Dundee by the Corporation, totaling an amount of \$8,484,534, was consolidated with the reduction of the interest from 12.68% to 8% per year, as well as the extension of the maturity date to July 13, 2023. The fair value of the loan was estimated at \$7,781,253 using an effective rate of 11% corresponding to a rate that the Corporation would have obtained for a similar financing with a third party. The discounted amount of \$703,281 was recognized as finance income in the consolidated statement of loss and comprehensive loss during that year.

As at June 30, 2023, the principal amount of the loan totaled \$8,484,534 (2022 – \$8,484,534) and the finance cost accrued during the six months ended June 30, 2023 amounted to \$411,689 (\$380,336 for the six months ended June 30, 2022).

Short-term loans	Six months ended	
	June 30,	
	2023	2022
	\$	\$
Balance – beginning of period	10,116,538	9,076,175
Finance cost accrued	411,689	380,336
Amortization of promissory note discount	147,694	121,521
<b>Balance – end of period</b>	<b>10,675,921</b>	<b>9,578,032</b>

## 8 CONVERTIBLE DEBENTURE AND LOANS

### 8.1 Convertible debenture

On July 31, 2020, the Corporation entered into a secured convertible loan agreement in the amount of \$4,000,000 (the “IQ Loan”) with Investissement Québec (“IQ”). The IQ Loan has a maturity date of July 13, 2023, bears interest at a rate of 8% per annum and can be converted at the holder’s option into subordinate voting shares of the Corporation at a conversion price equal to the closing market price of the shares on the day prior to conversion. The IQ Loan is secured by a hypothec, *pari passu* with Dundee’s loan and CED’s contribution, over all of the Corporation’s property other than its intellectual property and is guaranteed by Dundee in an amount of up to \$1,250,000. The fair value of the debt was estimated as \$3,673,442 using an effective rate of 11% corresponding to a rate that the Corporation would have obtained for a similar non-subsidized financing. The discounted amount of \$326,558 was recognized as finance income in the consolidated statement of loss and comprehensive loss. Pursuant to the agreement, the Corporation made a partial payment to the capital in the amount of \$50,000 in 2021 and \$100,000 in 2022. During the six months ended June 30, 2023, the Corporation capitalized interest expense of \$187,709 (\$177,238 for the six months ended June 30 2022).

	Six months ended	
	June 30,	
	2023	2022
	\$	\$
Carrying amount of the liability – beginning of period	4,588,245	4,183,847
Finance costs accrued	187,709	177,238
Amortization of convertible debenture discount	79,271	68,701
<b>Carrying amount of the liability – end of period</b>	<b>4,855,225</b>	<b>4,429,786</b>

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

### 8.2 Long-term IQ Innovation loan

On July 15, 2020, the Corporation received a loan offer from IQ for a total amount of \$1,107,500. The loan has been granted under IQ's Support for Innovation Program and will be used by the Corporation to apply against business development expenses (the "IQ Innovation Loan"). IQ advanced \$428,100 on December 14, 2020, \$296,806 on August 9, 2021, and \$359,956 on June 6, 2022. The fair value of the advances were estimated at \$316,662, \$229,144 and \$292,243 respectively, using an effective rate of 11% corresponding to a rate that the Corporation would have obtained for a similar non-subsidized financing.

The IQ Innovation Loan will mature six years after the initial disbursement and will bear interest at a rate of 3.04% per annum. The Corporation benefits from a 24-month moratorium period on the repayment of capital since the first disbursement, after which, the capital will be reimbursed in 48 monthly installments. The IQ Innovation Loan is secured by a second-degree hypothec over all of the Corporation's property other than the intellectual property. The finance cost paid during the six months ended June 30, 2023, amounted to \$15,482 (\$11,678 for the six months ended June 30, 2022).

	Six months ended June 30,	
	2023	2022
	\$	\$
Carrying amount of the liability – beginning of period	930,688	576,806
Principal amount advanced	-	359,956
Loan discounted at fair value	-	(67,713)
Finance cost accrued	(2,801)	-
Principal amount paid	(138,432)	-
Amortization of discount	33,807	25,797
<b>Carrying amount of the liability – end of period</b>	<b>823,262</b>	<b>894,847</b>

### 8.3 Long-term CED contribution agreement

Under an amended agreement dated October 12, 2016, the Corporation received from Canada Economic Development for Quebec Regions ("CED") a \$397,000 repayable contribution (the "CED Contribution"). The CED Contribution was used by the Corporation for the acquisition of equipment for its demonstration plant (the "Project") in Thetford Mines, Quebec. The CED Contribution is non-interest bearing, secured, and repayable in equal monthly installments over seven years starting three years after the end of the Project on March 2020. CED advanced \$324,575 in December 2016 and the remaining balance of \$72,425 in May 2017.

The fair values of the debt advanced in December 2016 and May 2017 were respectively estimated at \$149,944 and \$35,495 using an effective rate of 11.7%. Such rate corresponds to a rate that the Corporation would have obtained for a similar non-subsidized financing.

The CED Contribution is secured by a hypothec, pari passu with Dundee's and IQ's loans, over all of the Corporation's property other than its intellectual property.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

	Six months ended	
	June 30,	
	2023	2022
	\$	\$
Balance – beginning of period	211,278	241,333
Payments	(28,356)	(28,356)
Amortization of long-term debt discount	11,964	13,766
<b>Balance – end of period</b>	<b>194,886</b>	<b>226,743</b>
<b>Current portion</b>	<b>56,714</b>	<b>56,714</b>
<b>Non-current portion</b>	<b>138,172</b>	<b>170,029</b>
<b>Total</b>	<b>194,886</b>	<b>226,743</b>

## 9. SHARE CAPITAL

### 9.1 Authorized

On June 30, 2023 and December 31, 2022, 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.

## 10 WARRANTS

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

	Six months ended			
	June 30,			
	2023		2022	
	Number of	Carrying	Number of	Carrying
	warrants	amount	warrants	amount
		\$		\$
Balance – beginning of period	3,527,777	261,055	714,285	200,000
Issued	-	-	3,527,777	261,055
<b>Balance – end of period</b>	<b>3,527,777</b>	<b>261,055</b>	<b>4,242,062</b>	<b>461,055</b>

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

As at June 30, 2023, outstanding warrants are as follows:

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

### 11. STOCK OPTION PLAN

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

	Six months ended June 30,			
	2023		2022	
	Number of options	Weighted average exercise price	Number of options	Weighted average exercise price
		\$		\$
Balance – beginning of period	3,952,500	0.43	5,435,000	0.53
Expired	(502,500)	1.01	-	-
Forfeited	-	-	(747,500)	0.80
<b>Balance – end of period</b>	<b>3,450,000</b>	<b>0.35</b>	<b>4,687,500</b>	<b>0.47</b>

As at June 30, 2023, outstanding options are as follows:

Number of options	Weighted average exercise price	Expiry date
	\$	
3,450,000	0.35	September 29, 2025
<b>3,450,000</b>	<b>Outstanding</b>	

The residual weighted average contractual term of outstanding options was 1.73 years as at June 30, 2023.

### 12. RESEARCH AND DEVELOPMENT

	Six months ended June 30,	
	2023	2022
	\$	\$
Research and development	580,009	475,706
Tax credit and other government subsidies	(89,479)	(106,774)
	<b>490,530</b>	<b>368,932</b>

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the six months ended June 30, 2023 and 2022

(Expressed in Canadian dollars)

### 13. SUPPLEMENTAL CASH FLOW INFORMATION

	Six months ended June 30,	
	2023	2022
	\$	\$
Finance cost paid	18,623	13,238
Finance cost on lease payments	49,489	57,040

### 14. SUBSEQUENT EVENTS

#### *Convertible debenture*

On July 13, 2023, the Corporation obtained an approval from IQ and Dundee to extend the maturity date of its convertible debenture and loan, respectively, from July 13, 2023 to September 29, 2023 with all the other terms conditions remaining unchanged.

#### *Sale of Non-Strategic Operation and Assets*

On July 13, 2023, the Corporation has entered into an agreement to divest from a portion of its operation and assets located at its Thetford Mines technical facilities. As part of the Transaction the Corporation will receive an amount of \$846,500, in return for the processing plant equipment, the staff necessary to operate the equipment and the remaining of a technical service contract. The Corporation's objective is to benefit from the sale of the processing contract and plant equipment and to allow for the Corporation to focus on the development and commercialization of its flag ship CLEVR™ and GlassLock™ Processes. Additionally, on the same date and as part of the agreement, DST signed a renewal of the lease agreement for the next five years.

#### *Investment in shares*

On July 13, 2023, the Corporation entered into a project with a newly created company aimed at the processing development, pilot operation and technology deployment for the treatment of electronic waste material ("e-waste"). The objective is to provide a novel e-waste treatment circuit which incorporates DST's CLEVR Process™ for the recovery of gold, silver and palladium. The construction and operation of the e-waste pilot plant will be located in Thetford Mines at DST's Technical facilities. As part of its participation, the Corporation will subscribe to 75,000 Class A shares, for an amount of \$75,000 in cash and an in-kind contribution of \$1,315,063, in return for a 25% equity stake in the newly created company.