

# **Dundee Sustainable Technologies Inc.**

## **Consolidated Financial Statements**

December 31, 2025 and 2024

(Expressed in Canadian dollars)



# Independent auditor's report

To the Shareholders of Dundee Sustainable Technologies Inc.

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## Our opinion

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the financial position of Dundee Sustainable Technologies Inc. and its subsidiaries (together, the Corporation) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

## What we have audited

The Corporation's consolidated financial statements comprise:

- the consolidated statements of financial position as at December 31, 2025 and 2024;
- the consolidated statements of income (loss) and comprehensive income (loss) for the years then ended;
- the consolidated statements of change in deficiency for the years then ended;
- the consolidated statements of cash flows for the years then ended; and
- the notes to the consolidated financial statements, comprising material accounting policy information and other explanatory information.

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## Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the consolidated financial statements* section of our report.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### **Independence**

We are independent of the Corporation in accordance with the ethical requirements that are relevant to our audit of the consolidated financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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### **Material uncertainty related to going concern**

We draw attention to note 1 to the consolidated financial statements, which describes events or conditions that indicate the existence of a material uncertainty that may cast significant doubt about the Corporation's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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### **Key audit matters**

Except for the matter which is described in the *Material uncertainty related to going concern* section, we have determined that there are no other key audit matters to communicate in our report.

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### **Other information**

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the consolidated financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the consolidated financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the consolidated financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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## **Responsibilities of management and those charged with governance for the consolidated financial statements**

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation's financial reporting process.

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## **Auditor's responsibilities for the audit of the consolidated financial statements**

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these consolidated financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Corporation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the consolidated financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Corporation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Plan and perform the group audit to obtain sufficient appropriate audit evidence regarding the financial information of the entities or business units within the Corporation as a basis for forming an opinion on the consolidated financial statements. We are responsible for the direction, supervision and review of the audit work performed for purposes of the group audit. We remain solely responsible for our audit opinion.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the consolidated financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Maxime Guilbault.

**/s/PricewaterhouseCoopers LLP<sup>1</sup>**

Montréal, Quebec

April 30, 2026

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<sup>1</sup> CPA auditor, public accountancy permit No. A128042

# Dundee Sustainable Technologies Inc.

## Consolidated Statements of Financial Position

As at December 31, 2025 and 2024

(Expressed in Canadian dollars)

	Note	2025	2024
		\$	\$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		119,769	202,964
Accounts receivable	4	294,428	304,338
R&D tax credit receivable		160,000	59,185
Sales taxes		11,805	25,442
Short-term loan to a related party	5	-	156,016
Other assets		92,283	72,414
		<b>678,285</b>	<b>820,359</b>
<b>Non-current assets</b>			
Property, plant and equipment	7	88,429	123,801
		<b>88,429</b>	<b>123,801</b>
<b>Total assets</b>		<b>766,714</b>	<b>944,160</b>
<b>Liabilities and Deficiency</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities	17	1,110,232	1,031,713
Contract liabilities		187,495	67,300
On-demand loan from a related party	9	4,396,996	1,882,947
Promissory note from a related party	9	5,261,780	4,772,247
Loan from a related party	9	13,036,310	11,823,852
Convertible debenture	10	-	5,381,174
Current portion of long-term debts	10	297,947	333,578
		<b>24,290,760</b>	<b>25,292,811</b>
<b>Non-current liabilities</b>			
Long-term debts	10	40,242	292,445
<b>Total liabilities</b>		<b>24,331,002</b>	<b>25,585,256</b>
<b>Deficiency</b>			
Share capital	11	68,907,882	68,907,882
Contributed surplus	12	9,847,347	9,847,347
Deficit		(102,319,517)	(103,396,325)
<b>Total deficiency</b>		<b>(23,564,288)</b>	<b>(24,641,096)</b>
<b>Total liabilities and deficiency</b>		<b>766,714</b>	<b>994,160</b>
<b>Going concern</b>	1		
<b>Subsequent events</b>	20		

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

## Dundee Sustainable Technologies Inc.

### Consolidated Statements of Income (Loss) and Comprehensive Income (Loss)

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars, except number of shares)

	Note	2025	2024
		\$	\$
Sale of services	16	2,071,093	2,052,951
<b>Expenses</b>			
Operating expenses related to services	6	842,332	1,259,607
Research and development, net of credits	6,14	504,285	721,804
Professional and consulting fees		492,666	532,687
Administrative		171,706	231,737
Wages and compensation		582,493	523,629
Shareholder communication		122,987	103,651
Share-based payments	13	-	445,300
Amortization of intangible assets		-	461,381
Impairment loss on trade receivables	4	238,714	518,876
Impairment on intangible assets	8	-	1,730,188
Total expenses		2,955,183	6,528,860
<b>Operating loss</b>		(884,090)	(4,475,909)
Share of loss for equity accounted investment	6	-	(255,136)
Gain on debt settlement	10	4,527,894	-
Other income		13,532	2,012
Finance income		-	84,141
Finance cost	9,10	(2,559,869)	(2,972,835)
Gain (loss) on foreign currency exchange		(20,659)	22,717
<b>Net income (loss) and comprehensive income (loss)</b>		<b>1,076,808</b>	<b>(7,595,010)</b>
<b>Basic and diluted net income (loss) per share</b>		0.02	(0.11)
<b>Weighted average number of shares outstanding – basic and diluted</b>		66,695,774	66,695,774

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

## Dundee Sustainable Technologies Inc.

### Consolidated Statements of Changes in Deficiency

For the years ended December 31, 2025 and 2024

(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, 2024</b>	11	<b>2,500,000</b>	<b>3,963,875</b>	<b>64,195,774</b>	<b>64,944,007</b>	<b>9,847,347</b>	<b>(103,396,325)</b>	<b>(24,641,096)</b>
Net income and comprehensive income for the year		-	-	-	-	-	1,076,808	1,076,808
<b>Balance – December 31, 2025</b>		<b>2,500,000</b>	<b>3,963,875</b>	<b>64,195,774</b>	<b>64,944,007</b>	<b>9,847,347</b>	<b>(102,319,517)</b>	<b>(23,564,288)</b>

		Multiple voting shares		Subordinate voting shares		Contributed surplus	Deficit	Total deficiency
	Note	Number	\$	Number	\$	\$	\$	\$
<b>Balance – December 31, 2023</b>	11	<b>2,500,000</b>	<b>3,963,875</b>	<b>64,195,774</b>	<b>64,944,007</b>	<b>9,402,047</b>	<b>(95,801,315)</b>	<b>(17,491,386)</b>
Share-based payments	13					445,300		445,300
Net loss and comprehensive loss for the year		-	-	-	-	-	(7,595,010)	(7,595,010)
<b>Balance – December 31, 2024</b>		<b>2,500,000</b>	<b>3,963,875</b>	<b>64,195,774</b>	<b>64,944,007</b>	<b>9,847,347</b>	<b>(103,396,325)</b>	<b>(24,641,096)</b>

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

# Dundee Sustainable Technologies Inc.

## Consolidated Statements of Cash Flows

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

	Note	2025 \$	2024 \$
<b>Operating activities</b>			
Net income (loss) for the year		1,076,808	(7,595,010)
Adjusted for:			
Share-based payments	13	-	445,300
Depreciation of property, plant and equipment included in research and development	7	35,372	35,372
Amortization of intangible assets	8	-	461,381
Impairment on trade receivables	4	238,714	518,876
Impairment on intangible assets	8	-	1,730,188
Gain on debt settlement	10	(4,527,894)	-
Amortization of debt discounts	9,10	461,065	1,046,321
Share of loss for equity accounted investment	6	-	255,136
Net in-kind contribution to investment	6	-	(157,013)
Interest income accrued		(8,926)	(6,016)
Finance cost accrued	9,10	2,083,244	1,885,864
		(641,617)	(1,379,601)
Changes in non-cash operating working capital items:			
Accounts receivable		(63,862)	(236,846)
R&D tax credit receivable		(100,815)	43,815
Sales tax payable / receivable		13,637	51,069
Other assets		(19,869)	(3,990)
Accounts payable and accrued liabilities		512,712	55,166
Contract liabilities		120,195	46,574
		461,998	(44,212)
<b>Net cash used in operating activities</b>		<b>(179,619)</b>	<b>(1,423,813)</b>
<b>Financing activities</b>			
Long-term debts payment	10	(333,576)	(356,648)
Loan to a related party	5	-	(150,000)
Promissory note from a related party	9	430,000	1,700,000
<b>Net cash provided by financing activities</b>		<b>96,424</b>	<b>1,193,352</b>
Net change in cash and cash equivalents during the year		(83,195)	(230,461)
Cash and cash equivalents – beginning of year		202,964	433,425
<b>Cash and cash equivalents – end of year</b>		<b>119,769</b>	<b>202,964</b>
<b>Supplemental information</b>	19		

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

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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

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

While these technologies are currently being commercialized, they are subject to all the risks inherent in their ongoing adaptation to potential customers’ specifications and adoption. They will 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 December 31, 2025, Dundee Corporation (“Dundee”) was the principal and majority shareholder of the Corporation.

For the year ended December 31, 2025, the Corporation incurred a net income of \$1,076,808 (2024 – loss of \$7,595,010) and has a negative working capital of \$23,612,475 (2024 – \$24,472,452). Deficit as at December 31, 2025 amounted to \$102,319,517 (2024 – \$103,396,325) and cash flows used in operating activities for the year ended December 31, 2025 amounted to \$179,619 (2024 – \$1,423,813).

Management estimates that the Corporation will not have sufficient funds to meet its obligations and budgeted expenditures through to December 31, 2026. 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 the Corporation will be able to raise sufficient capital to meet its obligations. Failure to obtain sufficient financing could have a material adverse effect on the Corporation’s financial condition, results of operations, and cash flows..

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

These 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 April 29, 2026, these consolidated financial statements were approved by the Board of Directors.

### 2. MATERIAL ACCOUNTING POLICIES

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

#### 2.1 Basis of preparation

These consolidated financial statements have been prepared in accordance with IFRS Accounting Standards. The accounting policies set out below have been applied consistently to both years.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

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### 2.2 Basis of measurement

The consolidated financial statements have been prepared under the historical cost convention except for financial instruments measured at fair value. In addition, these consolidated financial statements have been prepared using the accrual basis of accounting, except for cash flow information.

### 2.3 Principles of consolidation

These consolidated financial statements include the accounts of the Corporation, its foreign subsidiaries Dundee Sustainable Technologies (Africa) (Proprietary) Limited ("DST Africa") (100%) and Dundee Sustainable Technologies Ghana Ltd ("DST Ghana") (90%). DST Africa is incorporated in Namibia and DST Ghana is incorporated in Ghana. All intercompany transactions have been eliminated in these consolidated financial statements.

### 2.4 Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances and short-term liquid investments with an original maturity of less than one year, cashable at any time without penalties. "

### 2.5 Financial instruments

Financial assets and financial liabilities are recognized when the Corporation becomes a party to the contractual provisions of the financial instrument.

Financial assets are derecognized when the contractual rights to the cash flows from the financial asset expire, or when the financial asset and all substantial risks and rewards are transferred. A financial liability is derecognized when it is extinguished, discharged, cancelled or when it expires.

Financial assets and financial liabilities are initially measured and recognized at their fair value. Transaction costs that are directly attributable to the acquisition or issue of financial assets and financial liabilities are added to or deducted from the fair value of the financial assets and financial liabilities, as appropriate, on initial recognition.

#### a) Financial assets

The Corporation's financial assets are subsequently measured at amortized cost using the effective rate method as they are held within a business model whose objective is to hold them in order to collect contractual cash flows and their contractual terms give rise on specified dates to cash flows that are solely payments of principal and interest on the principal amount outstanding.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

### b) Financial liabilities

The Corporation's financial liabilities are subsequently measured at amortized cost using the effective interest method.

The Corporation's financial instruments are classified as follows:

	<b>Category</b>
<b>Financial assets</b>	
<i>Amortized cost</i>	
Cash and cash equivalents	Amortized cost
Accounts receivable	Amortized cost
Short-term loan to a related party	Amortized cost
<b>Financial liabilities</b>	
<i>Amortized cost</i>	
Accounts payable and accrued liabilities	Amortized cost
Promissory notes from a related party	Amortized cost
Short-term loans from a related party	Amortized cost
Long-term debt	Amortized cost
Convertible debenture	Amortized cost

### c) Impairment of financial assets

At each reporting date, the Corporation assesses, on a forward-looking basis, the expected credit losses associated with its debt instruments carried at amortized cost. For accounts receivable, the Corporation applies the simplified approach permitted by IFRS 9, *Financial Instruments*, which requires expected lifetime losses to be recognized from initial recognition of the receivables. The Corporation assumes that there is no significant increase in credit risk for instruments that have a low credit risk.

### d) Research and development tax credits

The Corporation is entitled to scientific research and experimental development ("SR&ED") tax credits granted by the Canadian federal government and the Government of Quebec. SR&ED tax credits are accounted for using the cost reduction method. Accordingly, tax credits are recorded as a reduction of the related expenses or capital expenditures in the period the expenses are incurred. The non-refundable portion of such credits is recorded in the period in which the related expenditures are incurred to the extent that realization of such credits is considered to be reasonably assured.

### e) Government assistance

The Corporation periodically receives financial assistance under government incentive programs. Government assistance is recognized initially as deferred revenue at fair value when there is reasonable assurance that it will be received, and the Corporation will comply with the conditions associated with the assistance. Assistance that compensates the Corporation for expenses incurred is recognized as an adjustment to research and development expenses on a systematic basis in the same periods in which the expenses are incurred. Assistance that compensates the Corporation for the cost of an asset is recognized in the reduction of the associated capital expenditures. Forgivable loans from the government are treated as government assistance when there is reasonable assurance that the Corporation will meet the terms for forgiveness of the loans.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

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### 2.7 Other assets

Other assets are composed of other research and development supplies. Supplies used in the research and development activities are accounted for at cost.

### 2.8 Equity accounted investment

The Corporation's interests in equity-accounted investees comprise its interests in an associate. Associates are those entities in which the Corporation has significant influence, but not control or joint control, over the financial and operating policies. Interests in associate are accounted for using the equity method. They are initially recognised at cost, which includes transaction costs. Subsequent to initial recognition, the consolidated financial statements include the Corporation's share of the profit or loss of equity accounted investees, until the date on which significant influence ceases.

### 2.9 Property, plant and equipment

Property, plant and equipment are stated at cost less accumulated depreciation and accumulated impairment losses. The cost of an item of property, plant and equipment consists of the purchase price, which may include construction or development of an item of property, plant and equipment, any costs directly attributable to bringing the asset to the location and condition necessary for its intended use, and an initial estimate of the costs of dismantling the item and restoring the site on which it is located. Repairs and maintenance costs are charged to the consolidated statement of loss and comprehensive loss in the period in which they are incurred.

The major categories of property, plant and equipment are depreciated as follows:

	Method	Period
Vehicles and equipment	Straight-line	5 years
Office furniture and computer equipment	Straight-line	3 years
Right of use asset	Straight-line	Over the term of the lease

The Corporation allocates the amount initially recognized in respect of an item of property, plant and equipment to its significant parts and depreciates separately each such part. Residual values, method of depreciation and useful lives of the assets are reviewed annually and adjusted if appropriate.

Gains and losses on disposals of property, plant and equipment are determined by comparing the proceeds with the carrying amount of the asset and are included in the consolidated statement of loss and comprehensive loss.

### 2.10 Leases

Leases are recognized as a Right of Use ("ROU") asset and a corresponding liability at the date at which the leased asset is available for use by the Corporation. Each lease payment is allocated between the liability and finance cost. The finance cost is charged to the statement of loss and comprehensive loss over the lease period to produce a constant periodic rate of interest on the remaining balance of the liability for each period. The ROU asset is presented under property, plant and equipment and is depreciated over the shorter of the asset's useful life and the lease term on a straight-line basis. Lease liabilities include the net present value of fixed lease payments. The lease payments have been discounted using the Corporation's incremental borrowing rate, being the rate that the Corporation would have to pay to borrow the funds necessary to obtain an asset of similar value in a similar economic environment with similar terms and conditions. After initial measurement, the liability is reduced for payments made and increased for interest. It is remeasured to reflect any reassessment or modification. When the lease liability is remeasured, the corresponding adjustment is reflected in the ROU asset, or comprehensive loss if the ROU asset is already reduced to zero. ROU assets are measured at cost, comprising the following:

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

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- The amount of the initial measurement of lease liability;
- Any lease payments made at or before the commencement date less any lease incentives received;
- Any initial direct costs; and
- Any restoration costs.

### 2.11 Intangible assets

Intangible assets consist mainly of intellectual property, patent application fees, software, and development costs.

Intellectual property represents the acquisition cost of the technology. Using the straight-line method, amortization of intellectual property is calculated over its estimated useful life of 10 years.

Patent application fees relate to direct costs incurred in securing the patent. Using the straight-line method, amortization of patent application fees is calculated over the estimated useful lives of the patents of 10 years.

Development costs are stated at cost and include the expenditures incurred for the development of the process and the equipment, material and services used or consumed for the development activities, including the design, construction and operation of a plant that is not at a scale economically feasible for commercial production. The capitalized costs meet the following generally accepted criteria: i) the technical feasibility of completing the intangible asset so that it will be available for use or sale; ii) the Corporation's intention to complete the intangible asset; iii) the Corporation's ability to use or sell the intangible asset; iv) the probability of generating measurable future economic benefits from the intangible asset; v) the availability of adequate technical, financial and other resources to complete the development of the intangible asset; and vi) the Corporation's ability to measure reliably the expenditure attributable to the intangible asset during its development. The capitalized costs are amortized over the expected useful life of the process using the straight-line method.

### 2.12 Impairment of non-financial assets

Non-financial assets are reviewed for impairment when there is an indication that the carrying amount may not be recoverable. If any such indication is present, the recoverable amount of the asset is estimated in order to determine whether impairment exists. Where the asset does not generate cash flows that are independent from other assets, the Corporation estimates the recoverable amount of the cash-generating unit ("CGU") to which the asset belongs.

An asset or CGU's recoverable amount is the higher of fair value less costs to sell and value in use. In assessing value in use, the estimated future cash flows are discounted to their present value, using a pre-tax discount rate that reflects current market assessments of the time value of money and the risks specific to the asset for which estimates of future cash flows have not been adjusted.

If the recoverable amount of an asset or CGU is estimated to be less than its carrying amount, the carrying amount is reduced to the recoverable amount. Impairment is recognized immediately as impairment in the statement of comprehensive loss.

### 2.13 Share-based payments

The fair value of share options granted to employees is recognized as an expense over the vesting period with a corresponding increase in contributed surplus. An individual is classified as an employee when the individual is an employee for legal or tax purposes (direct employee) or provides services similar to those performed by a direct employee, the latter category including directors and officers of the Corporation.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

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The fair value is measured at the grant date and recognized over the period in which the options vest. The fair value of the options granted is measured using an option-pricing model, taking into account the terms and conditions upon which the options were granted. At each financial position reporting date, the amount recognized as an expense is adjusted to reflect the actual number of share options that are expected to vest.

### 2.14 Share capital and warrants

Common shares and warrants are classified as equity. Incremental costs directly attributable to the issuance of shares or warrants are recognized as a deduction from the proceeds in equity in the period the transaction occurs. Proceeds from unit placements are allocated between shares and warrants issued using the relative fair value method. Proceeds are charged in proportion to the fair value of shares based on the stock prices at the time of issue and the fair value of the warrants determined using the Black-Scholes option pricing model.

### 2.15 Revenue recognition

The Corporation renders technical services to customers in the mining industry to evaluate processing alternatives using the Corporation's processing facility. Revenue is recognized over time in the accounting period in which the services are rendered, when control of a service transfers to a customer by reference to stage of completion of the specific transaction, which is assessed on the basis of the actual service provided as a proportion of the total services to be provided.

### 2.16 Income taxes

Income tax on profit or loss for the years ended December 31, 2025 and 2024 comprises current and deferred income tax. Income tax is recognized in the consolidated statement of loss and comprehensive loss except to the extent that it relates to items recognized directly in deficiency, in which case it is recognized in deficiency.

Current income tax expense is the expected tax payable on taxable income for the year, using tax rates enacted or substantively enacted at year-end, adjusted for amendments to income tax payable with regard to previous years. Management periodically evaluates positions taken in income tax returns with respect to situations in which applicable tax regulation is subject to interpretation. It establishes provisions, where appropriate, on the basis of amounts expected to be paid to the tax authorities.

Deferred income tax is provided using the liability method, providing for temporary differences between the tax basis of assets and liabilities and their carrying amounts in the consolidated financial statements. The temporary difference is not provided for if it arises from the initial recognition of goodwill or the initial recognition of an asset or liability in a transaction other than a business combination that, at the time of the transaction, affects neither accounting nor taxable profit or loss. The amount of deferred income tax provided is based on the expected manner of realization or settlement of the carrying amount of assets and liabilities using tax rates enacted or substantively enacted at the financial position reporting date and whose implementation is expected over the period in which the deferred income tax is realized or recovered.

A deferred income tax asset is recognized only to the extent that it is probable that future taxable profits will be available against which the asset can be used.

### 2.17 Loss per share

The calculation of loss per share ("LPS") is based on the weighted average number of shares outstanding during each fiscal year. The basic LPS is calculated by dividing the loss attributable to the equity owners of the Corporation by the weighted average number of voting or common shares outstanding during the year.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

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The computation of diluted LPS assumes the conversion, exercise or contingent issuance of securities only when such conversion, exercise or issuance would have a dilutive effect on the LPS. The treasury stock method is used to determine the dilutive effect of the warrants and share options. When the Corporation reports a loss, the diluted net loss per voting or common share is equal to the basic net loss per voting or common share due to the anti-dilutive effect of the outstanding warrants and share options.

### 2.18 Foreign currency translation

These consolidated financial statements are presented in Canadian dollars, which is also the functional currency of the Corporation and its subsidiaries.

Monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the financial position reporting date, whereas non-monetary assets and liabilities denominated in a foreign currency are translated at the exchange rate in effect at the transaction date. Expenses denominated in a foreign currency are translated at the average rate in effect during the year with the exception of depreciation and amortization, which are translated at the historical rate. Gains and losses on exchange arising from the translation of foreign operations are recorded in the consolidated statement of loss and comprehensive loss.

### 2.19 Standards, amendments and interpretations to existing accounting standards that are not yet effective and have not been early adopted by the Corporation

#### *IFRS 18 - Presentation and Disclosure in Financial Statements*

The IASB has issued IFRS 18, the new standard on presentation and disclosure in financial statements, with a focus on updates to the statement of profit or loss. The key new concepts introduced in IFRS 18 relate to: the structure of the statement of profit or loss; required disclosures in the financial statements for certain profit or loss performance measures that are reported outside an entity's financial statements (that is, management-defined performance measures); and enhanced principles on aggregation and disaggregation which apply to the primary financial statements and notes in general.

IFRS 18 will replace IAS 1; many of the other existing principles in IAS 1 are retained, with limited changes. IFRS 18 will not impact the recognition or measurement of items in the financial statements, but it might change what an entity reports as its 'operating profit or loss'.

IFRS 18 will apply for reporting periods beginning on or after 1 January 2027 and also applies to comparative information. The Corporation is currently evaluating the new standard for any potential impact on the consolidated financial statements.

## 3. CRITICAL ACCOUNTING JUDGMENTS, ESTIMATES AND ASSUMPTIONS

Many of the amounts included in the consolidated financial statements require management to make judgments and/or estimates. These judgments and estimates are continually evaluated and are based on management's experience and knowledge of the relevant facts and circumstances. Actual results may differ from the amounts included in the consolidated financial statements.

Areas of significant judgment and estimates affecting the amounts recognized in the consolidated financial statements include the following.

### 3.1 Significant judgments

#### a) Impairment of non-financial assets

##### *Impairment of intangible assets*

Intangible assets are reviewed for an indication of impairment at each financial position reporting date and when there are indicators of impairment. This determination requires significant judgment. If any such

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

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indicator exists, then an impairment test is performed by management. Factors which could trigger an impairment review include, but are not limited to:

- the expiration of the Corporation's intellectual rights or patents or if such rights and/or patents will expire in the near future and are not expected to be renewed;
- the Corporation's failure to raise the required funds to continue its commercialization activities;
- the Corporation's decision to discontinue such commercialization activities;
- if sufficient data exists to indicate that such activities are no longer expected to be of a sufficient scale or profitability whereby the carrying amount of the assets is unlikely to be recovered in full from successful exploitation or by sale; such difficulties in commercialization may arise from significant negative industry or economic trends or a significant drop in commodity prices.

As a result of the impairment review as at December 31, 2024, it was determined that there were some indicators of impairment and the carrying value of the intangible assets exceeded its estimated recoverable amount resulting in an impairment charge of \$1,730,188 being recognized in the consolidated statements of loss under impairment of intangible assets for the year ended December 31, 2024 as a result of the assessment. It was determined that the intangible assets were fully impaired following the revision of the Corporation's assessment of forecasted earnings and profitability generated by the intellectual property. (note 8).

### b) Estimated credit losses

Accounts receivables are initially stated at their fair value. The carrying amounts for accounts receivable are net of allowances for doubtful accounts, which represent management's estimate of lifetime expected credit losses ("ECL"). The Company uses the simplified approach to recognizing ECLs for its accounts receivables that don't have a significant financing component. The expected loss rates are estimated using a provision matrix based on the payment profiles of sales over a period of five years before December 31, 2025, and the corresponding historical credit losses experienced within this period. The Corporation has also identified a specific account receivable amounting to \$541,848 as credit-impaired. A separate assessment has been performed, and a 100% loss allowance has been recognized for this receivable. As at December 31, 2025, the allowance for doubtful accounts amounted to \$592,647 (2024 – 518,876).

### c) Going concern

The assessment of the Corporation's ability to execute its strategy by funding future working capital requirements involves judgment. Estimates and assumptions are continually evaluated and are based on historical experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances.

## 3.2 Significant estimate

### a) Convertible debenture

In accordance with the substance of a contractual arrangement, convertible debentures are compound financial instruments which are accounted for separately by their components: a financial liability and an equity instrument. The financial liability, which represents the obligation to pay coupon interest on the convertible debentures in the future, is initially measured at its fair value and subsequently measured at amortized cost. The residual amount is accounted for as an equity instrument at issuance.

The identification of convertible debenture components is based on interpretations of the substance of the contractual arrangement and therefore requires judgment from management. The separation of the components affects the initial recognition of the convertible debenture at issuance and the subsequent recognition of interest on the liability component. The determination of the fair value of the liability component is also based on a number of assumptions, including contractual future cash flows, discount factors, and the presence of any derivative financial instruments.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

### 4. ACCOUNTS RECEIVABLE

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

	2025	2024
	\$	\$
Accounts receivable	887,075	823,214
Less: Allowance for estimated credit losses	(592,647)	(518,876)
	<b>294,428</b>	<b>304,338</b>

The aging of the account receivables at each reporting date is as follows:

	2025	2024
	\$	\$
Past due 1-30 days	151,458	27,717
Past due 31-60 days	136,709	26,604
Past due 61-90 days	-	12,563
Past due 91 days and over	598,908	756,330
	<b>887,075</b>	<b>823,214</b>

Movement for expected credit losses are as follows:

	2025	2024
	\$	\$
Balance beginning of the year	(518,876)	-
Revaluation of expected credit loss	(73,771)	(518,876)
	<b>(592,647)</b>	<b>(518,876)</b>

As at December 31, 2025, accounts receivable from related parties amounted to Nil (net of an allowance for expected credit losses of \$541,848) (2024 – 473,064).

### 5. SHORT-TERM LOAN TO A RELATED PARTY

On April 29, 2024, the Corporation provided a short-term loan (the "Loan") to its associate Enim Technologies Holding Inc. ("Enim") for a total amount of \$150,000. The Loan is bearing interest of a prime rate plus 10%, payable monthly. On September 9, 2024, the Corporation agreed with Enim to reduce the interest rate to 12%, payable at the time of capital repayment. The Loan is secured and has a due date on any of the first occurrence of the following events, the reception of the funds of a grant receivable; or by the completion of their next financing. As at December 31, 2025, the principal amount of the loan totaled \$150,000 and the finance cost accrued during 2025 amounted to \$8,926. The Corporation has also identified this loan receivable as credit-impaired and a 100% loss allowance has been recognized as at December 31, 2025. the allowance for doubtful accounts amounted to \$164,942 (2024 – Nil).

### 6. EQUITY ACCOUNTED INVESTMENT

In July 2023, The Corporation entered into a project with Enim. Enim aims the processing development, pilot operation and technology deployment for the treatment of electronic waste material ("e-waste"). As part of its participation, DST subscribed 75,000 Class A shares, for an amount of \$75,000 in cash in return for a 25%

## Dundee Sustainable Technologies Inc.

### Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

equity stake in the company. During 2024, the Corporation also provided in-kind contribution of \$157,013. The Corporation determined it obtained significant influence over Enim; and accordingly, the Corporation has accounted for its interest using the equity method.

Evolution of the investment	2025	2024
Carrying value at the beginning of the year	-	98,123
- In-kind contribution	-	157,013
- Loss on dilution of investment	-	(255,136)
Carrying value at the end of the year	-	-

## 7 PROPERTY, PLANT AND EQUIPMENT

	Vehicles and equipment	Right of use assets	Total
<b>Gross carrying amount</b>	\$	\$	\$
Balance – January 1 – December 31, 2025	47,000	176,859	223,859
<b>Accumulated depreciation</b>			
Balance – January 1, 2025	47,000	53,058	100,058
Depreciation	-	35,372	35,372
Balance – December 31, 2025	47,000	88,430	135,430
<b>Net carrying amount – December 31, 2025</b>	-	<b>88,429</b>	<b>88,429</b>

	Vehicles and equipment	Right of use assets	Total
<b>Gross carrying amount</b>	\$	\$	\$
Balance – January 1 – December 31, 2024	47,000	176,859	223,859
<b>Accumulated depreciation</b>			
Balance – January 1, 2024	47,000	17,686	64,686
Depreciation	-	35,372	35,372
Balance – December 31, 2024	47,000	53,058	100,058
<b>Net carrying amount – December 31, 2024</b>	-	<b>123,801</b>	<b>123,801</b>

### Leases

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

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

### 8. INTANGIBLE ASSETS

Intangible assets	Years ended December 31	
	2025	2024
<b>Gross carrying amount</b>		
Balance – January 1 and December 31:	\$	\$
Intellectual properties	-	605,000
Patent application fees	-	129,474
Development cost	-	5,809,233
Less: SR&ED tax credit	-	(1,929,894)
	-	4,613,813
<b>Accumulated amortization</b>		
Balance – January 1	-	2,422,244
Amortization	-	461,381
Impairment	-	1,730,188
Balance – December 31	-	4,613,813
<b>Net carrying amount – December 31</b>	-	-

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

#### 9.1 Promissory notes

The Corporation signed promissory notes in the total principal amount of \$3,950,000 bearing interest at 8% per annum, payable to Dundee. In the case of the last two promissory notes signed on August 3, 2022, and January 12, 2023, the notes were secured by a hypothec over all of the Corporation's intellectual property. The promissory notes had a maturity date of May 15, 2025. The fair value of the promissory notes and accrued interests were estimated at \$3,949,597, using an effective rate of 13%, corresponding to a rate that the Corporation would have obtained for a similar financing with a third party. As at December 31, 2025, the principal amount of the promissory notes totaled \$3,950,000 (2024 – \$3,950,000) and the finance cost accrued during the year ended December 31, 2025 amounted to \$401,182 (2024 – \$370,157). As of May 15, 2025, the promissory notes reached their maturity date without repayment. The Corporation is engaged in discussions with the creditor to explore solutions that would restructure the Corporation's balance sheet and address its current financial position (Note 20).

Promissory notes	Years ended December 31,	
	2025	2024
	\$	\$
Balance – beginning of year	4,772,247	4,195,050
Finance cost accrued	401,182	370,157S
Amortization of promissory note discount	88,351	207,040
<b>Balance – end of year</b>	<b>5,261,780</b>	<b>4,772,247</b>

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

### 9.2 Loan from a related party

The Corporation had two short-term loans, from Dundee, bearing interest at the rate of 12.68% per annum, maturing on May 15, 2025 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.

As of May 15, 2025, the loan reached their maturity date without repayment. The Corporation is engaged in discussions with the creditor to explore solutions that would restructure the Corporation's balance sheet and address its current financial position (Note 20).

As at December 31, 2025, the principal amount of the loan totaled \$8,484,534 (2024 – \$8,484,534) and the finance cost accrued during the year ended December 31, 2025 amounted to \$993,713 (2024 – \$916,864).

	Years ended December 31,	
	2025	2024
	\$	\$
Balance – beginning of year	11,823,852	10,394,158
Finance cost accrued	993,713	916,864
Amortization of loan discount	218,745	512,830
<b>Balance – end of year</b>	<b>13,036,310</b>	<b>11,823,852</b>

### 9.3 On-demand loans agreement from a related party

During the years ended December 31, 2025 and 2024, the Corporation entered into on-demand loan agreements in the principal amount of \$864,193 (of which \$434,000 was paid directly to suppliers of the Corporation on its behalf) and \$ 1,700,000 respectively payable to Dundee. The loans had different maturities at the inception but were extended to May 15, 2025. Loan bears interest at rates between 13% and 24% with a some portion calculated and compounded monthly and payable. The interests are accrued and paid at the time of capital repayment. As at December 31, 2025, the principal amount of the loans totaled \$2,564,193 (2024 – \$1,700,000) and the finance cost accrued during the year ended December 31, 2025 and 2024 amounted to \$504,020 and \$182,947 respectively.

On November 10, 2025, the Corporation entered into a term loan agreement in the principal amount of \$1,125,000 payable to Dundee. along with interest at a rate of 13% per annum. As at December 31, 2025, the principal amount of the loan totaled \$1,125,000 and the finance cost accrued during the year ended December 31, 2025 amounted to \$20,836 (Note 20).

	Years ended December 31,	
	2025	2024
	\$	\$
Balance – beginning of year	1,882,947	-
Loans received	864,193	1,700,000
Term loan related to IQ guarantee (Note 10)	1,125,000	-
Finance cost accrued	524,856	182,947
<b>Balance – end of year</b>	<b>4,396,996</b>	<b>1,882,947</b>

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

### 10 CONVERTIBLE DEBENTURE AND LOANS

#### 10.1 Convertible debenture

On July 31, 2020, the Corporation entered into a secured convertible loan agreement in the amount of \$4,000,000 (the "IQ Loan") with Investissement Québec ("IQ"). The IQ Loan had a maturity date of July 13, 2023, bears interest at a rate of 8% per annum and can be converted at the holder's option into subordinate voting shares of the Corporation at a conversion price equal to the closing market price of the shares on the day prior to conversion. The IQ Loan is secured by a hypothec, pari passu with Dundee's loan and CED's contribution, over all of the Corporation's property other than its intellectual property and is guaranteed by Dundee in an amount of up to \$1,125,000. On July 13, 2023, the Corporation agreed with IQ to extend the maturity date of the outstanding debenture at the time from the original maturity date to May 15, 2025 with all the other term conditions remaining unchanged.

On May 15, 2025, the IQ Loan reached their maturity date without repayment with a total balance of \$5,652,894, including principal and accrued interest. On November 7, 2025, the Corporation entered into a debt settlement agreement (the "Debt Settlement Agreement") with IQ. This Debt Settlement Agreement was completed in accordance with the original terms and conditions, under which Dundee acted as guarantor for the Corporation's Debenture for up to \$1,125,000 paid on November 10, 2025. As a result of this settlement, the Corporation is now discharged from its financial obligation in relation to the Debenture. The Corporation remains liable to Dundee for the settlement amount paid of \$1,125,000. A net debt settlement gain was recognized in the consolidated statement of income (loss) and comprehensive income (loss) of \$4,527,894 from the settlement of the \$5,652,894 of the IQ Loan, minus the new loan issued in favor of Dundee of \$1,125,000 (Note 9).

During the year ended December 31, 2025, the Corporation capitalized interest expense of \$163,494 (2024 – \$418,043).

	Years ended December	
	2025	2024
	\$	\$
Carrying amount of the liability – beginning of year	5,381,174	4,703,970
Finance costs accrued	163,494	418,043
Gain on debt extinguishment	(5,652,894)	-
Amortization of convertible debenture discount	108,226	259,161
<b>Carrying amount of the liability – end of year</b>	<b>-</b>	<b>5,381,174</b>

#### 10.2 Long-term IQ Innovation loan

On July 15, 2020, the Corporation received a loan offer from IQ for a total amount of \$1,107,500. The loan has been granted under IQ's Support for Innovation Program and will be used by the Corporation to apply against business development expenses (the "IQ Innovation Loan"). At inception, the fair value of the advances were estimated 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 matures six years after the initial disbursement and bears interest at a rate of 3.04% per annum. The Corporation benefited from a 24-month moratorium period on the repayment of capital since the first disbursement. During 2023, the Corporation started reimbursing the capital in 48 monthly installments. The IQ Innovation Loan is secured by a second-degree hypothec over all of the Corporation's property other than the intellectual property. The finance cost paid during the year ended December 31, 2025, amounted to \$12,271 (2024 – \$20,696).

## Dundee Sustainable Technologies Inc.

### Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

	Years ended December 31,	
	2025	2024
	\$	\$
Carrying amount of the liability – beginning of year	486,447	740,015
Finance cost accrued	-	(2,145)
Principal amount paid	(276,864)	(299,936)
Amortization of discount	31,650	48,513
<b>Carrying amount of the liability – end of year</b>	<b>241,233</b>	<b>486,447</b>
<b>Current portion</b>	<b>241,233</b>	<b>276,864</b>
<b>Non-current portion</b>	<b>-</b>	<b>209,583</b>
<b>Total</b>	<b>241,233</b>	<b>486,447</b>

### 10.3 Long-term CED contribution agreement

In 2016, the Corporation received from Canada Economic Development for Quebec Regions (“CED”) a \$397,000 repayable contribution (the “CED Contribution”).

The fair values of the CED contribution at inception was estimated 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.

	Years ended December 31,	
	2025	2024
	\$	\$
Balance – beginning of year	139,576	177,513
Payments	(56,712)	(56,712)
Amortization of long-term debt discount	14,092	18,775
<b>Balance – end of year</b>	<b>96,956</b>	<b>139,576</b>
<b>Current portion</b>	<b>56,714</b>	<b>56,714</b>
<b>Non-current portion</b>	<b>40,242</b>	<b>82,862</b>
<b>Total</b>	<b>96,956</b>	<b>139,576</b>

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

### 11. SHARE CAPITAL

#### Authorized

On December 31, 2025 and December 31, 2024, the authorized capital of the Corporation consisted of an unlimited number of subordinate voting shares and multiple voting shares, without nominal or par value. The holders of subordinate voting shares are entitled to one vote for each subordinate voting share, and the holders of multiple voting shares are entitled to 10 votes for each multiple voting share. The holders of subordinate voting shares and multiple voting shares shall be entitled to receive and to participate equally as to dividends, share for share, in an equal amount on all the subordinate voting shares and multiple voting shares outstanding at year-end. The holders of multiple voting shares shall be entitled at any time and from time to time to have any or all of the multiple voting shares converted into subordinate voting shares on the basis of one subordinate voting share for each multiple voting share. In all other respects, the holders of subordinate voting shares and multiple voting shares shall rank equally and have the same rights and restrictions.

### 12 WARRANTS

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

	Years ended December 31,			
	2025		2024	
	Number of warrants	Carrying amount	Number of warrants	Carrying amount
		\$		\$
<b>Balance – beginning and end of year</b>	<b>3,527,777</b>	<b>261,055</b>	<b>3,527,777</b>	<b>261,055</b>

As at December 31, 2025, 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>	

### 13. STOCK OPTION PLAN

The Corporation maintains a stock option plan (the "Plan"), which provides that the Board of Directors of the Corporation may, from time to time, at its discretion and in accordance with the Canadian Securities Exchange ("CSE") requirements, grant to directors, officers, employees and consultants of the Corporation, non-transferable options to purchase in cash subordinate voting shares of the Corporation, provided that the number of common shares reserved for issuance will not exceed 10% of the issued and outstanding subordinate voting shares of the Corporation.

Under the Plan, such options will be exercisable for a period of up to five years from the grant date. Options granted are exercisable on the grant date, unless otherwise stated by the Board of Directors. Options issued to consultants performing investor relations activities must vest in stages over 12 months, with no more than one-fourth of the options vesting in any three-month period. The exercise price shall not be less than that permitted under the rules of any stock exchange on which the subordinate voting shares are listed.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

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

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

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

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

	<b>Years ended December 31,</b>			
	<b>2025</b>		<b>2024</b>	
	<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Number of options</b>	<b>Weighted average exercise price</b>
		\$		\$
Balance – beginning of year	5,900,000	0.35	3,450,000	0.35
Granted	-	-	3,650,000	0.13
Expired	(2,250,000)	0.35	(1,200,000)	0.35
<b>Balance – end of year</b>	<b>3,650,000</b>	<b>0.13</b>	<b>5,900,000</b>	<b>0.35</b>

As at December 31, 2025, outstanding options are as follows:

<b>Number of options</b>	<b>Weighted average exercise price</b>	<b>Expiry date</b>
	\$	
3,650,000	0.13	May 14, 2029
<b>3,650,000</b>	<b>Outstanding</b>	

The residual weighted average contractual term of outstanding options was 3.37 years as at December 31, 2025.

#### 14. RESEARCH AND DEVELOPMENT

	<b>Years ended December 31,</b>	
	<b>2025</b>	<b>2024</b>
	\$	\$
Research and development	1,073,160	1,056,355
Tax credit and other government subsidies	(568,875)	(334,551)
	<b>504,285</b>	<b>721,804</b>

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

### 15. INCOME TAXES

The income tax expense on the Corporation's loss before income taxes differs from the income tax expense that would arise using the combined Canadian federal and provincial statutory tax rate of 26.5% (2023 – 26.5%) as a result of the following items:

	2025	2024
	\$	\$
Net income (loss) before tax at statutory rate of 26.5% (2024 – 26.5%)	285,354	(2,012,678)
Effect on taxes of		
Non-deductible expenses	904	119,213
Change in unrecognized temporary differences	(286,258)	1,893,465
<b>Income tax expense</b>	<b>-</b>	<b>-</b>

#### Recognized deferred income tax assets and liabilities

The Corporation recognized deferred income tax assets related to tax loss carryforwards to the extent of deferred income tax liabilities.

	2025	2024
	\$	\$
Deferred income tax assets		
Tax loss carryforwards	33,132	162,482
Deferred income tax liabilities		
Right of use asset	(25,819)	(32,807)
Convertible debenture	-	(28,860)
Long-term and short-term debt	(7,313)	(100,815)
	-	-

#### Unrecognized deductible temporary differences

The benefit of the following tax loss carryforwards and deductible temporary differences has not been recognized in the consolidated financial statements:

	2025	2024
	\$	\$
Tax loss carryforwards	49,754,000	52,670,000
Capital loss	801,500	801,500
Unclaimed SR&ED expenditures	14,412,000	13,398,000
Exploration and evaluation assets	13,872,000	13,872,000
Capital and other assets	10,738,500	9,901,500
	89,578,000	90,643,000

The loss carryforwards expire between 2028 and 2044 and the unclaimed SR&ED expenditures as well as the capital loss do not expire. In addition, the Corporation has unused tax credits of \$2,469,071 (2024 – \$2,267,084) which expire between 2027 and 2044.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

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### 16. RELATED PARTY TRANSACTIONS

Details of related party transactions carried out with the directors and officers of the Corporation and companies controlled by directors and officers not otherwise disclosed in these consolidated financial statements are as follows:

	Year ended December 31,	
	2025	2024
	\$	\$
Directors or companies held by directors and officers		
Wages and compensation	24,000	24,000
	<b>24,000</b>	<b>24,000</b>

#### Compensation of key management

Key management includes directors and officers. The compensation paid or payable to key management is presented below:

	2025	2024
	\$	\$
Wages and compensation	671,500	659,000
	<b>671,500</b>	<b>659,000</b>

The Corporation recognized revenues for technical services provided to related parties for a total amount of \$104,044 (2024 – \$1,644,405). Those technical services were performed at arm's length negotiated prices. As of December 31, 2025, a total amount of \$541,848 (nil after allowance for estimated credit losses) receivable from related parties remains unpaid.

### 17. FINANCIAL RISK MANAGEMENT OBJECTIVES AND POLICIES

The Corporation is exposed to various financial risks resulting from both its operations and its investment activities. The Corporation's management handles the financial risks. The Corporation does not enter into financial instrument agreements, including derivative financial instruments, for speculative purposes.

The main financial risks to which the Corporation is exposed are detailed below.

#### 17.1 Liquidity risk

The Corporation manages its liquidity risk by using budgets that enable it to determine the amounts required to fund its development programs. The Corporation also ensures that it has sufficient working capital available to meet its day-to-day commitments.

As at December 31, 2025, the Corporation has cash of \$119,769 (2024 – \$202,964) and accounts receivable of \$294,428 (2024 – \$304,338) to settle accounts payable and accrued liabilities of \$1,110,232 (2024 – \$1,031,713) and short-term borrowings of \$24,103,265 (2024 - \$25,225,511)

As at December 31, 2025, management estimates that funds available will not be sufficient to meet the Corporation's obligations and budgeted expenditures through December 31, 2026 (note 1).

There can be no assurance that the Corporation will be able to raise sufficient capital to meet its obligations. Failure to obtain sufficient financing could have a material adverse effect on the Corporation's financial condition, results of operations, and cash flows.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

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(Expressed in Canadian dollars)

The following table summarizes the Corporation's significant contractual undiscounted cash flows as at December 31, 2025:

	Less than 6 months	6 to 12 months	More than 12 months	Total
	\$	\$	\$	\$
Accounts payable and accrued liabilities	1,110,232	-	-	1,110,232
On-demand loan from a related party	4,396,996	-	-	4,396,996
Promissory notes from a related party	5,261,780	-	-	5,261,780
Loan from a related party	13,036,310	-	-	13,036,310
Long-term debt CED	28,357	28,357	52,000	108,714
Long-term IQ Innovation loan	141,393	116,731	-	258,124
<b>As at December 31, 2025</b>	<b>23,975,068</b>	<b>145,088</b>	<b>52,000</b>	<b>24,172,156</b>

All of the Corporation's financial liabilities have contractual maturities of less than 30 days and are subject to normal trade terms, except for the convertible debenture, long-term IQ innovation loan, promissory notes and on demand loans from a related party, the CED contribution agreement, the account payable from a related party for an amount of \$400,000 without interest payable on demand to Dundee that is recorded in accounts payable and accrued liabilities. The Corporation regularly evaluates its cash position to ensure the preservation and the security of its capital as well as the maintenance of its liquidity.

### 17.2 Currency risk

The Corporation does not use derivative instruments or hedges to manage risks because its exposure to currency risk is not significant given that its operations are carried out predominantly in Canada. As at December 31, 2025, cash and cash equivalents amounted to \$119,769, of which \$69,799 is denominated in Canadian dollars and the balance of \$49,970 in US dollars. The Corporation holds accounts receivable of \$294,428, of which \$154,324 is denominated in US dollars and accounts payable and accrued liabilities of \$1,110,232 of which \$8,132 is denominated in US dollars. Other financial instruments are all denominated in Canadian dollars.

### 17.3 Credit risk

Credit risk is the risk that a loss will occur from the failure of another party to perform according to the terms of the contract. The Corporation's credit risk is primarily attributable to cash and cash equivalents, accounts receivable and sales tax receivable. The Corporation's cash and cash equivalents are held mainly with Canadian chartered banks, which reduces credit risk.

The expected loss rates on accounts receivable are based on the Corporation's historical credit losses. As at December 31, 2025, the allowance for doubtful accounts for other receivables amounted to \$592,647 (note 4).

### 17.4 Interest rate risk

The Corporation has cash balances, and its current policy is to invest excess cash in certificates of deposit or high-interest savings accounts with Canadian chartered banks. The debt instruments bear interest at fixed rates and are not exposed to interest rate risk.

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

For the years ended December 31, 2025 and 2024

(Expressed in Canadian dollars)

### 17.5 Fair value hierarchy

The fair value of a financial instrument on initial recognition is the transaction price, which is the fair value of the consideration given or received. After initial recognition, fair value is determined by management using available market information or other valuation methodologies.

The following provides information about financial assets and financial liabilities measured at market value in the Corporation's consolidated statement of financial position and categorized by level according to the significance of the inputs used in making the measurements:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities;
- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are not observable for the asset or liability, either directly or indirectly; and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data.

The fair values of the debt instruments approximate their respective carrying values due to their short-term maturities as at December 31, 2025.

### 18. POLICIES AND PROCESS TO MANAGE CAPITAL

As at December 31, 2025, the capital of the Corporation consists of deficiency amounting to \$23,564,288. The Corporation's objective when managing capital is to safeguard its ability to continue its operations and advance the development of its technologies. As needed, it raises funds through short-term advances from the parent company, Dundee, debts or through private placements. It has no dividend policy.

The Corporation is not subject to any externally imposed capital requirements from regulators or contractual requirements to which it is subject. Changes in capital for the years ended December 31, 2025 and 2024 are described in the consolidated statements of changes in deficiency.

### 19. SUPPLEMENTAL CASH FLOW INFORMATION

	Years ended December 31,	
	2025	2024
Finance cost paid	\$ 15,558	\$ 40,652

### 20. SUBSEQUENT EVENTS

#### Merger agreement

On April 1, 2026, the Corporation entered into a merger agreement dated as of April 1, 2026 (the "Merger Agreement") with 17799799 Canada Inc. (the "Purchaser"), a newly-incorporated and wholly-owned subsidiary of Dundee, pursuant to which the Purchaser has agreed to acquire all of the issued and outstanding subordinate voting shares of the Corporation (the "Subordinate Voting Shares") not owned by Dundee for a consideration of \$0.03 in cash per share (the "Consideration"), representing an aggregate value of approximately \$440,000, subject to shareholder approval and other customary closing conditions (the "Transaction").

# Dundee Sustainable Technologies Inc.

## Notes to Consolidated Financial Statements

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(Expressed in Canadian dollars)

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The Transaction is expected to close in the first half of 2026, following shareholder approval and the satisfaction of certain customary closing conditions.

Following completion of the Transaction, the Corporation would become a privately held company and the Corporation intends to apply to cease to be a reporting issuer under Canadian securities laws and to have the Subordinate Voting Shares voluntarily delisted from the CSE.

### **Short-term loan agreements**

During the quarter ended March 31, 2026, the Corporation received the funds of loan agreements (the "Agreements") in the principal amount of \$450,000 payable to Dundee. The Agreements have a maturity date of April 30, 2026, along with interest at a rate of 13% per annum.