



Ostrom Climate Solutions Inc.

Unaudited Condensed Consolidated Interim Financial Statements
(Expressed in Canadian dollars)

For the three and nine months ended September 30, 2024 and 2023

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NOTICE OF NO AUDITOR REVIEW OF INTERIM FINANCIAL STATEMENTS

Under National Instrument 51-102, “Continuous Disclosure Obligations”, Part 4, subsection 4.3(3)(a), if an auditor has not performed a review of the interim financial statements, they must be accompanied by a notice indicating that the consolidated financial statements have not been reviewed by an auditor.

The Company’s external auditors, Davidson & Company LLP, have not performed a review of these condensed consolidated interim financial statements.

OSTROM CLIMATE SOLUTIONS INC.

Condensed Consolidated Interim Statements of Financial Position

As at September 30, 2024, and December 31, 2023

(Expressed in Canadian dollars)

As at	Note	September 30, 2024	December 31, 2023
ASSETS			
Current Assets			
Cash	\$	516,613	\$ 1,347,522
Accounts receivable	3	278,365	456,011
Inventory	4	71,748	591,477
Contract costs in-progress	5	448,142	135,084
Prepaid expenses and deposits	6	257,429	228,634
Total Current Assets		1,572,297	2,758,728
Property and equipment		20,635	22,757
Right-of-use asset	8	501,488	-
Total Long-term Assets		522,123	22,757
Total Assets	\$	2,094,420	\$ 2,781,485
LIABILITIES AND SHAREHOLDERS' DEFICIENCY			
Current Liabilities			
Accounts payable and accrued liabilities	7 \$	1,425,823	\$ 1,312,171
Other liabilities		249,212	249,212
Deferred revenue		1,987,365	1,575,635
Convertible debentures		586,575	595,192
Lease liability	8	108,666	-
Total Current Liabilities		4,357,641	3,732,210
Provisions		61,586	61,586
Deferred revenue		541,560	-
Convertible debentures		245,803	236,309
Lease liability	8	409,485	-
Total Long-term Liabilities		1,258,434	297,895
Total Liabilities	\$	5,616,075	\$ 4,030,105
Shareholders' Deficiency			
Share capital		18,047,860	17,228,110
Reserves	11	3,067,624	2,954,513
Equity component of convertible debenture		161,299	161,299
Deficit		(24,798,438)	(21,592,542)
Total Shareholders' Deficiency	\$	(3,521,655)	\$ (1,248,620)
Total Liabilities and Shareholders' Deficiency	\$	2,094,420	\$ 2,781,485

Nature and continuance of operations (note 1)

Subsequent events (note 14)

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

Approved on behalf of the Board on November 29, 2024 by:

*"Tejinder Virk"**"Christopher Morris"*

Tejinder Virk, Director

Christopher Morris, Director

OSTROM CLIMATE SOLUTIONS INC.

Condensed Consolidated Interim Statements of Loss

For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

September 30,	Note	Three months ended		Nine months ended	
		2024	2023	2024	2023
Revenue	10, 12	\$ 389,788	1,314,302	\$ 1,894,630	2,041,643
Cost of sales		233,541	547,458	1,225,838	958,333
Gross profit		156,247	766,844	668,792	1,083,310
Operating Expenses					
Amortization		\$ 3,006	3,728	\$ 7,939	9,765
Amortization of right-of-use asset	8	28,932	-	77,152	-
Consulting fees	9	184,880	19,121	341,798	96,011
Foreign exchange		(88)	(29,655)	(7,677)	(20,383)
Professional fees		116,974	105,117	290,103	171,545
Salaries, management fees and benefits	9	486,023	518,421	1,476,312	1,495,451
Selling, general, and administrative		145,333	70,424	414,523	240,150
Share-based payments	11	49,151	-	113,111	-
Research and development	5	374,556	-	1,072,629	-
Total Operating Expenses		1,388,767	687,156	3,785,890	1,992,539
		(1,232,520)	79,688	(3,117,098)	(909,229)
Finance costs		(27,059)	(20,800)	(65,336)	(62,841)
Interest expense		(11,043)	(11,276)	(35,340)	(40,827)
Interest income		1,894	541	2,278	1,894
Other income		-	8,900	9,600	23,900
		(36,208)	(22,635)	(88,798)	(77,874)
Net Loss for the period		\$ (1,268,728)	57,053	\$ (3,205,896)	(987,103)
Net Loss per share - basic and diluted		\$ (0.012)	(0.001)	\$ (0.032)	(0.013)
Weighted average number of common shares outstanding – basic and diluted		104,629,374	78,235,171	99,803,860	78,235,171

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

OSTROM CLIMATE SOLUTIONS INC.

Condensed Consolidated Interim Statements of Changes in Shareholders' Deficiency

For the three and nine months ended September 30, 2024 and 2023

(Expressed in Canadian dollars)

	<u>Share Capital</u>		Reserves	Equity component of debentures	Deficit	Total
	Number	Amount				
Balance at December 31, 2022	78,235,171	\$ 15,914,267	\$ 2,838,622	\$ 161,299	\$ (19,769,217)	\$ (855,029)
Net loss for the period	-	-	-	-	(1,044,156)	(1,044,156)
Balance at September 30, 2023	78,235,171	\$ 15,914,267	\$ 2,838,622	\$ 161,299	\$ (20,813,373)	\$ (1,899,185)
Balance at December 31, 2022	78,235,171	\$ 15,914,267	\$ 2,838,622	\$ 161,299	\$ (19,769,217)	\$ (855,029)
Private placement	18,115,942	1,250,000	-	-	-	1,250,000
Shares issuance cost	-	(16,157)	-	-	-	(16,157)
Issuance of common shares and warrants for consulting services	1,000,000	80,000	115,891	-	-	195,891
Net loss for the year	-	-	-	-	(1,823,325)	(1,823,325)
Balance at December 31, 2023	97,351,113	\$ 17,228,110	\$ 2,954,513	\$ 161,299	\$ (21,592,542)	\$ (1,248,620)
Private placement	16,740,000	\$ 837,000	-	-	-	\$ 837,000
Net of shares issuance cost	-	(17,250)	-	-	-	(17,250)
Share-based payments	-	-	113,111	-	-	113,111
Net loss for the period	-	-	-	-	(3,205,896)	(3,205,896)
Balance at September 30, 2024	114,091,113	\$ 18,047,860	\$ 3,067,624	\$ 161,299	\$ (24,798,438)	\$ (3,521,655)

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

OSTROM CLIMATE SOLUTIONS INC.

Condensed Consolidated Interim Statements of Cash Flows
For the nine months ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

Nine months ended, September 30	2024	2023
Operating activities:		
Net loss for the period	\$ (3,205,896)	\$ (987,103)
Items not involving cash:		
Amortization	7,939	9,765
Amortization of right-of-use asset	77,152	-
Finance costs on convertible debentures	47,801	62,841
Finance costs on lease liability	17,535	-
Interest expense	35,340	40,827
Share-based payments	113,111	-
Changes in non-cash operating working capital (Note 13):	1,333,304	435,775
Net cash flows used in operating activities:	(1,573,714)	(437,895)
Investing activities:		
Acquisition of property and equipment	(5,817)	(12,073)
ROU asset	(42,355)	-
Net cash flows used in investing activities	(48,172)	(12,073)
Financing activities:		
Interest paid on convertible debentures	(24,788)	(21,144)
Interest paid on provision	(3,985)	-
Net of issuance of shares	819,750	-
Net cash flows used in financing activities	790,977	(21,144)
Change in cash	(830,909)	(471,112)
Cash, beginning of period	1,347,522	977,910
Cash, end of period	\$ 516,613	\$ 506,798
Supplemental disclosures and non-cash transactions relating to financing and investing activities not disclosed elsewhere:		
	September 30, 2024	September 30, 2023
Accrued interest on convertible debentures	\$ 36,433	\$ 35,283

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

OSTROM CLIMATE SOLUTIONS INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

1. Nature and Continuance of Operations

Ostrom Climate Solutions Inc. (the “Company”) was incorporated on July 6, 2005 under the Business Corporations Act (BC).

The Company’s head office, principal address, and registered and records office is located at Suite 400 – 322 Water Street, Vancouver, British Columbia, V6B 1B6, Canada.

The Company’s primary business is carbon offset project development and climate solutions in both the private and public sectors.

These condensed consolidated interim financial statements have been prepared on the assumption that the Company will continue as a going concern, meaning it will continue in operation for the foreseeable future and will be able to realize assets and discharge liabilities in the ordinary course of operations. Different bases of measurement may be appropriate if the Company is not expected to continue operations for the foreseeable future.

The Company’s ability to continue as a going concern is dependent upon its ability to generate future profitable operations and/or obtain the necessary financing to meet its obligations and repay its liabilities arising from normal business operations when they come due. As of September 30, 2024, the Company has accumulated net losses of \$24,798,438 since inception and has a working capital deficiency of \$2,785,344. Furthermore, there is uncertainty related to the Company’s ability to secure additional funding or deliver profitable operations. These events and conditions indicate that a material uncertainty exists that may cast significant doubt on the Company’s ability to continue as a going concern. Realizable values may be substantially different from carrying values as shown and these consolidated financial statements do not give effect to adjustments that would be necessary to the carrying values and classification of assets and liabilities should the Company be unable to continue as a going concern.

There are many external factors that can adversely affect general workforces, economies, and financial markets globally. Examples include, but are not limited to, political conflict in other regions. It is not possible for the Company to predict the duration or magnitude of adverse results of such external factors and their effect on the Company’s business or ability to raise funds.

OSTROM CLIMATE SOLUTIONS INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

2. General Information and Basis of Preparation

a) Statement of Compliance

These condensed consolidated interim financial statements have been prepared in accordance with IAS 34 *Interim Financial Reporting*. These condensed consolidated interim financial statements have been prepared on a basis consistent with the accounting policies applied for the year ending December 31, 2023 and follow the same accounting policies and methods of application as the 2023 annual consolidated financial statements. They do not include all the information required for a complete set of financial statements prepared in accordance with International Financial Reporting Standards (“IFRS”). However, selected notes are included that are significant to understanding the Company’s financial position and performance since the last annual consolidated financial statements for the year ended December 31, 2023. These condensed consolidated interim financial statements were approved by the Board of Directors on November 29, 2024.

b) Basis of Consolidation

The subsidiaries of the Company are:

Ostrom Climate Solutions (Canada) Inc.	British Columbia, Canada	100%	Operating
Ostrom Climate Solutions (Philippines) Inc.	Philippines	100%	Operating
ERA Ecosystem Restoration Associates Inc.	British Columbia, Canada	100%	Operating
ERA Ecosystem Services U.S., Inc.	Nevada, United States	100%	Operating
NatureBank Technology, Inc.	British Columbia, Canada	100%	Inactive
Carbon Credit Corp.	British Columbia, Canada	100%	Inactive

Significant intercompany balances and transactions, including any unrealized income and expenses arising from inter-company transactions are eliminated in preparing the consolidated financial statements.

c) Basis of Measurement

These consolidated financial statements have been prepared on a historical cost basis except for certain financial assets and liabilities measured at fair value.

d) Functional Currency

The functional currency of the Company and all its subsidiaries is the Canadian Dollar (“CAD”).

e) Comparative figures

Certain comparative figures within operating expenses on the statements of loss and comprehensive loss have been reclassified to conform to the current period’s presentation.

OSTROM CLIMATE SOLUTIONS INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

3. Accounts Receivable

As at	September 30, 2024	December 31, 2023
Trade receivables	\$ 206,810	\$ 331,390
Other receivables	71,555	124,621
	\$ 278,365	\$ 456,011

Trade receivables and other receivables are written off where there is no reasonable expectation of recovery. Indicators that there is no reasonable expectation of recovery include, amongst others, the failure of a debtor to engage in a repayment plan with the Company, and a failure to make contractual payments for a period of greater than 90 days past due. As at September 30, 2024, there were no impairments of accounts receivable (December 31, 2023 – Nil).

4. Inventory

As at	September 30, 2024	December 31, 2023
<i>Work-in-process</i>		
Project development costs	31,955	-
<i>Finished goods</i>		
Trade inventory – Verified Emission Reduction units (“VER” or “VERs”)	\$ 39,793	\$ 591,477
	\$ 74,748	\$ 591,477

5. Development and Capitalized Costs**Research and Development Expenses**

The Company is developing rice farming and supply chain techniques as part of a large-scale project in the Philippines which may result in the development of additional VERs available to commercialize (“the Smart-Rice Project”). Upon meeting the capitalization requirements of IAS 38, these costs will be classified as ‘emission reduction projects under development’. During the three months ended September 30, 2024, the Company incurred research and development expenses related to the Smart-Rice Project of \$374,556 (Nine-months ended September 30, 2024 - \$1,072,629), which are recognized as ‘research and development’ in the condensed consolidated interim statement of loss and comprehensive loss.

During the nine months ended September 30, 2024, the Company entered into an agreement related to the sale of VERs from the Smart-Rice Project (the “Emissions Agreement”). The first payment under this Emissions Agreement was received as a prepayment against future developed VERs, but becomes repayable should the Company be unable to deliver VERs under the terms of the Emissions Agreement. Due to confidentiality agreements with the customer, further details cannot be disclosed at this time.

Contract Costs in-Progress

During the three and nine months ended September 30, 2024, the Company entered into new consulting contracts related to providing advisory and consulting services such as climate risk assessments, feasibility studies, greenhouse gas inventories and methodology development and other reports the Company has expertise. As at September 30, 2024, the Company had capitalized \$448,142 (December 31, 2023 - \$135,084) in costs related to these contracts where revenues had yet to be billed.

OSTROM CLIMATE SOLUTIONS INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

6. Prepaid Expenses and Deposits

As at	September 30, 2024	December 31, 2023
<i>Prepaid expenses</i>		
Prepaid operating expenses	\$ 79,713	\$ 74,886
Prepaid VER purchases	98,860	102,498
<i>Deposits</i>		
Credit card collateral	40,250	28,750
Lease deposit	37,406	22,500
Other	1,200	-
	\$ 257,429	\$ 228,634

7. Accounts Payable and Accrued Liabilities

As at	September 30, 2024	December 31, 2023
Trade payables	\$ 817,006	\$ 530,611
Accrued liabilities	483,477	719,839
Government sales tax payable	125,340	61,720
	\$ 1,425,823	\$ 1,312,171

8. Right-of-Use Asset and Lease Liability

On January 26, 2024, the Company signed a 5-year office lease agreement, effective February 1, 2024.

The tables below show the right-of-use ("ROU") asset and lease liability balance as of September 30, 2024, including the impact of the discounted interest and amortization. Amortization of the ROU asset is calculated using the straight-line method over the remaining lease term. The lease liability was measured at the present value of the lease payments, discounted using an incremental borrowing rate of 5%.

	Office Lease
ROU Asset	
Balance at December 31, 2023	-
Additions	578,640
Amortization	(77,152)
Balance at September 30, 2024	\$ 501,488
Lease Liability	
Balance at December 31, 2023	-
Addition of lease liability	542,970
Interest on lease liability	17,535
Payments against lease liability	(42,354)
Balance at September 30, 2024	\$ 518,151

OSTROM CLIMATE SOLUTIONS INC.

Notes to the Condensed Consolidated Interim Financial Statements
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 (Expressed in Canadian dollars)

9. Related Party Transactions and Balances

During the nine months ended September 30, 2024 and 2023, the Company entered into the following transactions with related parties, directors and key management personnel. Key management personnel are individuals responsible for planning, directing and controlling the activities of the Company and include all directors and officers.

The Company has performance-based bonus schemes for its executives, which are contingent upon achieving specific financial and operational targets. These targets are set and approved by the Board of Directors at the beginning of each financial year.

The remuneration of key management personnel during the three and nine months ended September 30, 2024 and 2023 are as follows:

September 30,	Three months ended		Nine months ended	
	2024	2023	2024	2023
Salaries, management fees and benefits	\$ 46,449	104,329	\$ 176,704	209,231
Consulting fees	43,437	-	56,769	-
Share-based compensation	18,904	-	28,438	-
	\$ 108,790	104,329	\$ 261,911	209,231

Transactions with entities controlled by directors during the three and nine months ended September 30, 2024 and 2023 are as follows:

September 30,	Three months ended		Nine months ended	
	2024	2023	2024	2023
Consulting fees	\$ 34,348	-	\$ 119,848	-
Share-based compensation	1,890	-	3,534	-
	\$ 36,238	-	\$ 123,382	-

Amounts due to/from related parties as at September 30, 2024 and December 31, 2023 included in accounts receivable and other receivables and accounts payable and accrued liabilities are as follows:

As at	September 30, 2024	December 31, 2023
Due from related parties	\$ 3,464	\$ 2,594
Due to related parties	413,012	306,556
Accrued debenture interest due to related party	36,443	14,309

Included in other liabilities at September 30, 2024 is \$305,962 (December 31, 2023 – \$243,112) due to a former director of the Company.

OSTROM CLIMATE SOLUTIONS INC.

Notes to the Condensed Consolidated Interim Financial Statements
For the three and nine months ended September 30, 2024 and 2023
(Expressed in Canadian dollars)

10. Revenues

September 30,	Three months ended		Nine months ended	
	2024	2023	2024	2023
Sale of VERs	\$ 153,835	762,295	\$ 1,149,013	1,184,153
Consulting and advisory services	235,953	552,007	745,617	857,490
Total	\$ 389,788	1,314,302	\$ 1,894,630	2,041,643

11. Common Shares and Share Options

During the nine months ended September 30, 2024, the Company granted 7,125,000 share purchase options to its employees and directors under the Company's stock option plan. The options are exercisable at \$0.10 per share and vest over a period of three years. The fair value of the options granted during the period, as determined using the Black-Scholes option pricing model, was \$641,247. The significant assumptions used in the valuation model included an expected volatility of 409.59%, a risk-free interest rate of 3.77%, an expected dividend yield of 0%, and an expected life of 5 years.

For the three and nine months ended September 30, 2024, the Company recognized a share-based payment expense of \$49,151 and \$113,111, respectively, in its condensed consolidated interim statement of comprehensive loss, with a corresponding increase in equity.

On August 21, 2024, the Company completed a non-brokered private placement, raising \$837,000 through the issuance of 16,740,000 common shares at \$0.05 per share. Two insiders participated, contributing \$354,500, qualifying as a Related Party Transaction under TSX Venture Policy 5.9. Finder's fees of \$17,250 were paid. Net proceeds will be used for general corporate purposes.

12. Segmented Information

The Company has one reportable segment operating in Canada and the United States, being that of development and sale of VERs and advisory services.

Revenues

Geographic information is as follows:

September 30,	Three months ended		Nine months ended	
	2024	2023	2024	2023
Canada	\$ 344,079	979,161	\$ 1,664,606	1,633,495
USA	2,806	335,141	187,121	408,148
Philippines	42,903	-	42,903	-
Total	\$ 389,788	1,314,302	\$ 1,894,630	2,041,643

OSTROM CLIMATE SOLUTIONS INC.

Notes to the Condensed Consolidated Interim Financial Statements
 For the three and nine months ended September 30, 2024 and 2023
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12. Segmented Information (continued)

The Company had concentrated revenues as follows:

September 30,	Three months ended		Nine months ended	
	2024	2023	2024	2023
Customer A	\$ 27%	46%	\$ 12%	46%
Customer B	20%	8%	11%	8%
Customer C	16%	10%	5%	10%
Other	37%	36%	72%	36%
Total	\$ 100%	100%	\$ 100%	100%

The Company's customers contributing to the concentrated revenues are not comparative balances from period to period.

13. Supplemental Disclosures with Respect to Cash Flows

Changes in non-cash operating working capital:

As at September 30,	2024	2023
Accounts and other receivables	177,646	(772,743)
Inventory	519,729	(158,740)
Contract costs in-progress	(313,058)	(60,507)
Prepaid expenses and deposits	(64,464)	(22,116)
Accounts payable and accrued liabilities	60,161	254,249
Deferred revenue	953,290	1,195,632
Total	\$ 1,333,304	\$ 435,775