



CVW CleanTech Inc.  
(Previously Titanium Corporation Inc.)

Condensed Interim Financial Statements  
For the three and nine months ended September 30, 2023

(Unaudited)

#### Note to reader

In accordance with National Instrument 51-102 Continuous Disclosure Obligations, part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, CVW CleanTech Inc. (previously Titanium Corporation Inc.) discloses that the Company's independent auditor has not reviewed these condensed interim financial statements for the three and nine months ended September 30, 2023 and 2022.

CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

**Condensed Interim Statements of Financial Position**

Unaudited, expressed in Canadian dollars

	Notes	As at September 30, 2023 \$	As at December 31, 2022 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,244,300	6,958,336
Prepaid expenses and other assets		36,734	30,348
Accounts receivable		73,347	73,347
<b>Total current assets</b>		<u>6,354,381</u>	<u>7,062,031</u>
Equipment	5	<u>6,620</u>	<u>6,635</u>
<b>Total assets</b>		<u>6,361,001</u>	<u>7,068,666</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		<u>188,208</u>	<u>326,856</u>
<b>Total liabilities</b>		<u>188,208</u>	<u>326,856</u>
<b>Equity</b>			
Share capital	6	85,425,356	83,739,554
Contributed surplus		24,187,668	23,178,065
Deficit		<u>(103,440,231)</u>	<u>(100,175,809)</u>
<b>Total equity</b>		<u>6,172,793</u>	<u>6,741,810</u>
<b>Total liabilities and equity</b>		<u>6,361,001</u>	<u>7,068,666</u>
<i>Commitments</i>	13		

Approved by the Board of Directors

(signed) "Darren Morcombe", Director

(signed) "Jennifer Kaufield", Director

CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

**Condensed Interim Statements of Loss and Comprehensive Loss**

Unaudited, expressed in Canadian dollars

	Notes	Three months ended September 30,		Nine months ended September 30,	
		2023	2022	2023	2022
		\$	\$	\$	\$
			(reclassified – see note 14)		(reclassified – see note 14)
<b>Expenses</b>					
Compensation and benefits		311,194	200,967	803,175	892,035
Consulting fees		74,278	32,081	163,223	65,473
Director fees		56,683	70,350	170,048	190,143
Professional fees		45,084	72,257	211,166	220,289
Investor communications and marketing		42,010	7,387	131,833	13,542
Office and administration		35,238	42,477	107,204	135,518
Transfer agent and regulatory fees		11,661	6,226	96,136	99,108
Engineering and analysis		-	37,523	2,172	71,130
Stock-based compensation		665,903	75,474	1,798,505	1,534,040
Amortization	5	843	-	2,827	-
<b>Operating loss</b>		<b>1,242,894</b>	<b>544,742</b>	<b>3,486,289</b>	<b>3,221,278</b>
Interest and other expenses	15	539	485	1,840	1,837
Interest income		(78,749)	(28,219)	(223,707)	(42,084)
<b>Net loss and comprehensive loss</b>		<b>(1,164,684)</b>	<b>(517,008)</b>	<b>(3,264,422)</b>	<b>(3,181,031)</b>
<b>Basic and diluted loss per share</b>	8	<b>(0.01)</b>	<b>(0.01)</b>	<b>(0.03)</b>	<b>(0.03)</b>

CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

**Condensed Interim Statements of Changes in Equity**

Unaudited, expressed in Canadian dollars

	Share capital \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance – January 1, 2022	75,641,635	19,247,886	(95,771,206)	(881,685)
Loss for the period ended September 30, 2022	-	-	(3,181,031)	(3,181,031)
Private placement – shares and warrants	4,945,890	-	-	4,945,890
Proceeds allocated to warrants	(3,783,154)	3,783,154	-	-
Stock-based compensation expense	-	1,534,040	-	1,534,040
Stock options exercised	4,266,187	(1,715,526)	-	2,550,661
Conversion of warrants	1,512,438	(444,838)	-	1,067,600
Expiry of warrants	504,648	(504,648)	-	-
Conversion of DSUs	265,946	(265,946)	-	-
Equity issuance costs	(761,529)	297,322	-	(464,207)
Balance – September 30, 2022	<u>82,592,061</u>	<u>21,931,444</u>	<u>(98,952,237)</u>	<u>5,571,268</u>
	Share capital \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance – January 1, 2023	83,739,554	23,178,065	(100,175,809)	6,741,810
Loss for the period ended September 30, 2023	-	-	(3,264,422)	(3,264,422)
Stock-based compensation expense	-	1,798,505	-	1,798,505
Stock options exercised	1,150,853	(469,151)	-	681,702
Conversion of warrants	430,500	(215,302)	-	215,198
Conversion of RSUs	104,449	(104,449)	-	-
Balance – September 30, 2023	<u>85,425,356</u>	<u>24,187,668</u>	<u>(103,440,231)</u>	<u>6,172,793</u>

CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

**Condensed Interim Statements of Cash Flows**

Unaudited, expressed in Canadian dollars

	Three months ended September 30,		Nine months ended September 30,	
	2023 \$	2022 \$	2023 \$	2022 \$
<b>Operating activities</b>				
Net loss for the period	(1,164,684)	(517,008)	(3,264,422)	(3,181,031)
Items not affecting cash:				
Stock-based compensation	665,903	75,474	1,798,505	1,534,100
Amortization	843	-	2,827	-
	666,746	75,474	1,801,332	1,534,100
Net change in non-cash working capital items				
Prepaid expenses and other assets	16,763	15,819	(6,386)	(19,951)
Accounts receivable	-	44,643	-	105,710
Accounts payable and accrued liabilities	(17,194)	78,578	(138,648)	108,117
Deferred compensation	-	-	-	(1,151,576)
	(431)	139,040	(145,034)	(957,700)
Cash used in operating activities	(498,369)	(302,494)	(1,608,124)	(2,604,631)
<b>Investing activities</b>				
Purchase of equipment	(1,274)	-	(2,812)	-
Cash used in investing activities	(1,274)	-	(2,812)	-
<b>Financing activities</b>				
Private placement - shares and warrants	-	-	-	4,945,890
Conversion of stock options, RSUs and DSUs	46,001	1,356,000	681,702	2,550,600
Conversion of warrants	75,000	-	215,198	1,067,601
Equity issuance costs	-	(41,581)	-	(464,207)
Cash generated by financing activities	121,001	1,314,419	896,900	8,099,884
(Decrease) increase in cash and cash equivalents	(378,642)	1,011,925	(714,036)	5,495,253
Cash and cash equivalents - beginning of period	6,622,942	4,891,110	6,958,336	407,782
<b>Cash and cash equivalents - end of period</b>	<b>6,244,300</b>	<b>5,903,035</b>	<b>6,244,300</b>	<b>5,903,035</b>

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

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Unaudited, expressed Canadian Dollars

### 1. Reporting entity and nature of operations

CVW CleanTech Inc. (“CVW CleanTech” or the “Company”) is a clean technology innovator, working to develop sustainable technology solutions. On March 21, 2022, Titanium Corporation Inc. amended its articles and changed its name to CVW CleanTech Inc. The Company does not have any subsidiaries. The Company has developed a suite of technologies called Creating Value from Waste™ (“CVW™”) that recovers bitumen, solvents, critical minerals, and water from oil sands froth treatment tailings while significantly reducing their emissions and enhancing tailings management.

The Company’s principal business office is located at 305, 505 8th Avenue SW, Calgary, Alberta, T2P 1G2, while the registered office is located at Suite 2400, 525 8th Avenue, SW, Calgary, Alberta, T2P 1G1. The Company’s common shares are listed on the TSX Venture Exchange under the ticker symbol “CVW”.

### 2. Basis of presentation

These unaudited condensed interim financial statements present CVW CleanTech’s financial results and financial position under International Financial Reporting Standards (“IFRS”) as at and for the three and nine months ended September 30, 2023, including the 2022 comparative period. The condensed interim financial statements have been prepared in accordance with *International Accounting Standard (“IAS”) 34 - Interim Financial Reporting*, as issued by the International Accounting Standards Board (“IASB”).

These condensed interim financial statements have been prepared following the same IFRS accounting policies and methods of computation as disclosed in the annual audited financial statements for the year ended December 31, 2022, except as disclosed in Note 4. Certain information and disclosure normally required to be included in the notes to the annual audited financial statements have been condensed, omitted or have been disclosed on an annual basis only. Accordingly, these condensed interim financial statements should be read in conjunction with the annual audited financial statements and the notes thereto, for the year ended December 31, 2022. The Company’s unaudited condensed interim financial statements have been prepared on a historical cost basis, except for certain equity instruments, which have been measured at fair value. The Company’s condensed interim financial statements are expressed in Canadian dollars.

These condensed interim financial statements were authorized for issue by the Company's Board of Directors on November 14, 2023.

### 3. Significant accounting policies

#### *Critical accounting estimates and judgements*

The preparation of financial statements in conformity with IFRS requires management to make estimates and assumptions concerning the future. It also requires management to exercise judgment in applying the Company’s accounting policies and the reported amounts of assets and liabilities, revenue and expenses, and related disclosures. Estimates and judgments are continually evaluated and are based on current facts, historical experience, and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Accounting estimates will, by definition, seldom equal the actual results.

The significant judgments made by management in applying the Company’s accounting policies and the key sources of estimation uncertainty are the same as those described in the December 31, 2022 annual audited financial statements.

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Unaudited, expressed Canadian Dollars

### 4. Changes in accounting policies

#### *Adoption of recent accounting pronouncements*

The Company has adopted the following accounting policy changes, as prescribed by IFRS and IAS, effective January 1, 2023:

#### *IAS 1 – Disclosure of accounting policies*

The IASB issued narrow scope amendments to IAS 1. The revision requires companies to disclose their material accounting policy information rather than their significant accounting policies.

#### *IAS 8 – Changes in accounting policies and accounting estimates*

The IASB issued narrow scope amendments to IAS 8 to clarify the distinction between a change in an accounting policy and a change in an accounting estimate. The amendments also introduced the definition of accounting estimates and clarified that the effects of a change in an input or a measurement technique used to develop an accounting estimate are changes in accounting estimates if they do not result from the correction of prior period errors.

There was no material impact to these condensed interim financial statements as a result of adopting the new standards.

#### *Statement presentation*

According to IAS 1 - Disclosure of accounting policies, an entity must present an analysis of expenses recognized in profit or loss using a classification based on either their nature or their function within the entity, whichever provides information that is reliable and more relevant. Prior to January 1, 2023, the Company elected to present its operating expenses by function. Effective January 1, 2023, operating expenses have been presented within the Condensed Interim Statements of Loss and Comprehensive Loss by nature. This change was implemented to provide more relevant information regarding the Company's operations during each reporting period.

The comparative three and nine month periods ended September 30, 2022 have been presented in the Condensed Interim Statements of Loss and Comprehensive Loss by nature. A reconciliation between the two presentation methods has been provided in Note 14 for comparative period values.

### 5. Equipment

	September 30, 2023	December 31, 2022
	\$	\$
Cost, beginning of period	6,635	-
Additions	2,812	6,635
Cost, end of period	9,447	6,635
Accumulated amortization, beginning of period	-	-
Amortization	2,827	-
Accumulated amortization, end of period	2,827	-
Net carrying value	6,620	6,635

# CVW CleanTech Inc.

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## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Unaudited, expressed Canadian Dollars

### 6. Share capital

	September 30, 2023		December 31, 2022	
	Common shares	Amount \$	Common shares	Amount \$
Balance, beginning of period	122,798,563	83,739,554	88,480,791	75,641,636
Private placements	-	-	26,166,664	6,345,091
Proceeds allocated to warrants	-	-	-	(4,707,735)
Stock options exercised	1,000,000	1,150,853	4,023,334	4,266,186
Conversion of warrants	717,500	430,500	3,146,500	2,259,761
Conversion of DSUs	-	-	283,002	215,946
Conversion of RSUs	200,000	104,449	698,272	511,138
Equity issue costs	-	-	-	(792,469)
Balance, end of period	124,716,063	85,425,356	122,798,563	83,739,554

On January 12, 2022, CVW CleanTech completed a private placement of equity units. Each unit consisted of one half warrant and one common share. A value of \$3,783,154 was attributed to the 12,500,000 warrants ("January 2022 investor warrants"). The January 2022 investor warrants have an exercise price of \$0.30 per share and a term to expiry of four years. Legal, regulatory, and financing costs were incurred totaling \$719,948 relating to this transaction. This amount includes the fair value of the broker warrants and is included as equity issue costs in the table above.

In conjunction with this private placement, 1,500,000 warrants were issued to brokers for their assistance ("broker warrants"). The fair value attributed to these warrants, which are included as part of equity issue costs, was \$297,323. These broker warrants were exercised in December 2022.

On October 19, 2022, CVW CleanTech completed a private placement of equity units. Each unit consisted of one warrant and one common share. A value of \$924,581 was attributed to the 1,166,664 warrants ("October 2022 investor warrants"). The October 2022 investor warrants have an exercise price of \$1.80 per warrant and a term to expiry of four years. Legal, regulatory, and financing costs were incurred totaling \$72,521 relating to this transaction, which are included as equity issue costs in the table above.

In May 2019, the Company issued 3,044,742 warrants ("2019 investor warrants") exercisable at \$1.40 per common share. The term for the 2019 investor warrants expired in May 2022. During the life of these warrants, 521,500 were converted to common shares and 2,523,242 expired without conversion.

The movement in the balance of warrants is noted below:

	September 30, 2023		December 31, 2022	
	Number of Warrants	Amount \$	Number of Warrants	Amount \$
Balance, beginning of period	12,541,664	4,873,227	3,044,742	610,330
Investor warrants issued	-	-	13,666,664	4,707,735
Broker warrants issued	-	-	1,500,000	297,323
Conversion of warrants	(717,500)	(215,302)	(3,146,500)	(742,161)
Expiry of warrants	-	-	(2,523,242)	-
Balance, end of period	11,824,164	4,657,925	12,541,664	4,873,227

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Unaudited, expressed Canadian Dollars

The fair values attributed to the warrants issued were determined using the Black Scholes option pricing model, with the following inputs:

	<b>October 19, 2022</b>	<b>January 12, 2022</b>	<b>Broker</b>	<b>2019 Investor</b>
	<b>Investor warrants</b>	<b>Investor warrants</b>	<b>warrants</b>	<b>warrants</b>
Risk free interest rate	3.58%	1.36%	1.01%	1.57%
Term to expiry	4 years	4 years	1 year	3 years
Expected life	4.0	4.0	1.0	3.0
Expected volatility	100%	100%	100%	75%
Fair value per warrant	\$0.79	\$0.30	\$0.19	\$0.20

### 7. Equity-based compensation

The Company has equity plans for its directors, officers, employees, and consultants to encourage ownership of common shares and align with the longer-term interests of the Company's shareholders. The equity plans are designed to advance the Company's interests by providing additional incentives for plan participants and to retain and attract valued directors, officers, employees, and consultants. The Company grants equity-based awards at the discretion of the Board of Directors.

The Company has adopted "rolling" equity-based plans that include stock options, DSUs and RSUs. The number of common shares issuable under all such plans at any time is limited to 10% (rolling) of the issued and outstanding common shares of the Company in the aggregate. The plans are subject to annual approval by the Company's shareholders.

The total common shares issuable under the Company's equity plans is calculated as follows:

	<u>September 30, 2023</u>	<u>December 31, 2022</u>
Equity Award Pool (10% of common shares outstanding)	12,471,606	12,279,856
Less Awards Outstanding:		
Stock Options	(8,310,000)	(8,335,000)
DSUs	(1,018,811)	(1,018,811)
RSUs	(741,248)	(941,248)
Available Pool	<u>2,401,547</u>	<u>1,984,797</u>

At September 30, 2023, an additional 2,401,547 equity instruments could be granted in the form of either stock options, DSUs and/or RSUs. At December 31, 2022, an additional 1,984,797 equity instruments could be granted. This includes a maximum of 1,437,160 DSUs, 1,514,723 RSUs or 1,984,797 stock options.

The movement in the balance of stock options is as follows:

	<b>September 30, 2023</b>		<b>December 31, 2022</b>	
	<b>Number of stock options</b>	<b>Weighted average exercise price \$</b>	<b>Number of stock options</b>	<b>Weighted average exercise price \$</b>
Balance, beginning of year	8,335,000	1.03	3,205,000	0.89
Granted	1,150,000	0.93	9,500,000	0.91
Exercised	(1,000,000)	0.73	(4,023,334)	0.63
Expired	(175,000)	0.98	(146,666)	0.86
Cancelled/ Forfeited	-	-	(200,000)	1.37
Balance, end of period	<u>8,310,000</u>	<u>1.19</u>	<u>8,335,000</u>	<u>1.03</u>

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Unaudited, expressed Canadian Dollars

In January 2022, 4.5 million stock options were granted to directors and officers of the Company with an exercise price of \$0.46. These options required either a market or non-market based performance condition to be met in order to vest. The market price condition, for the underlying share price to trade at or above \$1.25 for 90 consecutive days, was achieved in June 2022. As a result, the full amount of stock-based compensation expense of \$1.44 million was recognized by June 30, 2022. At the grant date, the initial estimate for the vesting period was 30 months.

During September 2022, the Company appointed a new Chief Executive Officer. A component of the compensation plan included the grant of 5 million stock options. These options were granted in two tranches, with 2.4 million granted at an exercise price of \$1.27 and 2.6 million granted at an exercise price of \$1.35. These options require either a market or non-market based performance condition to be met in order to vest. Vesting will occur if the underlying share price trades at or above \$3.60 for a period of 90 consecutive days, after a minimum period of 18 months has elapsed from the grant date. The options may also vest if certain non-market performance-based conditions are achieved between the dates that are 18 months after the grant date through to the 5 year expiry date. The non-market performance conditions require the Company to move through a series of successive milestones that culminate in the construction and commissioning of a CVW<sup>TM</sup> oilsands facility.

The stock-based compensation expense relating to the September 2022 option grants is being recognized over periods ranging from 18 to 30 months, based on management's estimate of the date that the non-market performance criteria will be satisfied. If any of the non-market performance vesting conditions are achieved earlier, the expense relating to those options will be accelerated and recognized immediately. If the market price condition is achieved, the expense associated with all 5 million options will be accelerated and recognized at that date, so long as the minimum 18 month period from the grant date has elapsed.

On June 19, 2023, 1.15 million stock options were granted to officers of the Company with an exercise price of \$0.93 and a term of five years to expiry. These options will vest after a minimum of 18 months and after attaining certain performance or market-based conditions.

In September 2023 the Company adopted a new Equity Incentive Plan which supersedes the previous Stock Option Plan, DSU Plan, and RSU Plan. All prior awards were continued under the Equity Incentive Plan.

The fair value of the options granted during 2022 and 2023 were calculated using the Monte Carlo simulation methodology. The inputs to the model were:

Option grant date	January 18, 2022	September 14, 2022	September 20, 2022	June 19, 2023
Risk free interest rate	1.36%	3.39%	3.39%	3.75%
Term to expiry	5 years	5 years	5 years	5 years
Expected life	5.0	5.0	5.0	5.0
Expected volatility	100%	100%	100%	81%
Number of options	4,500,000	2,400,000	2,600,000	1,150,000
Fair value per option	\$0.32	\$0.88	\$0.94	\$0.54

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## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Unaudited, expressed Canadian Dollars

The following table summarizes the options outstanding as at September 30, 2023:

Range of exercise price	Number of stock options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price \$
\$0.46 - \$0.69	2,160,000	2.63	0.52	2,160,000	2.63	0.52
\$0.70 - \$0.93	1,150,000	4.72	0.93	-	N/A	N/A
\$0.94 to \$1.35	5,000,000	3.96	1.31	-	N/A	N/A
Total	8,310,000	3.72	1.05	2,160,000	2.63	0.52

### Deferred share units

	September 30, 2023		December 31, 2022	
	Number of DSUs	Weighted average share price at time of grant \$	Number of DSUs	Weighted average share price at time of grant \$
Balance, beginning of year	1,018,811	0.75	1,769,616	0.75
Converted	-	-	(283,002)	0.76
Cancelled	-	-	(467,803)	0.75
Balance, end of period	1,018,811	0.75	1,018,811	0.75

### Restricted share units

	September 30, 2023		December 31, 2022	
	Number of RSUs	Weighted average share price at time of grant \$	Number of RSUs	Weighted average share price at time of grant \$
Balance, beginning of year	941,248	0.76	1,639,520	0.75
Converted	(200,000)	0.52	(698,272)	0.73
Balance, end of period	741,248	0.82	941,248	0.76

### 8. Basic and diluted loss per share

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
Net loss	\$1,164,684	\$517,008	\$3,264,422	\$3,181,031
Weighted average number common shares outstanding	124,516,606	117,258,349	124,082,519	114,415,436
Basic and diluted loss per share	\$0.01	\$0.01	\$0.03	\$0.03

The effect of outstanding stock options, DSUs, and RSUs has not been included in the calculation of diluted weighted average number of shares outstanding as the effect would be anti-dilutive.

# CVW CleanTech Inc.

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## Notes to the Condensed Interim Financial Statements

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Unaudited, expressed Canadian Dollars

### 9. Segment information

The Company has one reporting segment engaged in the commercialization of its proprietary CVW™ technology for the recovery of bitumen, solvent, critical minerals, and water from oil sands froth treatment tailings. As the operations comprise a single reporting segment, amounts disclosed in the condensed interim financial statements represent those of the single reporting unit. All the Company's activities and assets are located in Canada.

### 10. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Company as a whole. Compensation to directors and officers of the Company for the three and nine months ended September 30, 2023 and 2022 are indicated below:

#### *Corporate officers*

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Compensation and benefits	311,194	200,967	803,175	892,035
Stock-based compensation	665,903	75,474	1,798,505	248,472
Total	977,097	276,441	2,601,680	1,140,507

#### *Board of Directors*

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Director fees	56,683	70,350	170,048	190,143
Stock-based compensation	-	-	-	1,285,568
Total	56,683	70,350	170,048	1,475,711

Accounts payable and accrued liabilities as at September 30, 2023 included \$92,267 payable to directors and officers (December 31, 2022 - \$43,970).

One member of the Board of Directors is a partner in a law firm which provides legal services to the Company. Legal fees charged by this law firm during the nine months ended September 30, 2023 were \$114,804 (nine months ended September 30, 2022 - \$256,369). Of the \$256,369 charged during the nine months ended September 30, 2022, \$138,574 was captured on the Condensed Interim Statements of Financial Position as part of share issue costs, and the remainder was classified within professional fees.

### 11. Financial instruments and financial risk factors

The Company has for accounting purposes, designated its cash and cash equivalents and accounts receivable as loans and receivables. Accounts payable and accrued liabilities, along with the deferred compensation liability, are classified for accounting purposes as other financial liabilities.

As of September 30, 2023 and December 31, 2022, the Company estimates that both the carrying and fair value amounts of the Company's financial instruments are approximately equivalent because of the short-term nature of the assets and liabilities.

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

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Unaudited, expressed Canadian Dollars

### **a. Financial risk**

The Company's activities expose it to a variety of financial, credit, liquidity, and market risks, including interest rate and foreign exchange rate risks.

Financial risk management is carried out by the Company's management team with guidance from the Audit Committee and the Board of Directors. The Board of Directors also provides guidance for enterprise risk management.

### **b. Credit risk**

Credit risk is the risk of loss associated with a counterparty's inability to fulfill its payment obligations. The Company's credit risk is primarily attributable to cash and cash equivalents, recovery of project costs, along with related holdbacks and receivables. Cash and cash equivalents are held with Canadian financial institutions with credit rating no lower than As. Management believes that the credit risk concentration with respect to cash is minimal. The recovery of project costs and related holdbacks receivable is dependent on the Company meeting milestone obligations under contribution agreements. Management believes that credit risk associated with funding commitments from government grant programs is low due to project governance, credit quality of participants, reporting requirements to achieve milestones and the fact that all associated contributions have previously been fully collected.

### **c. Liquidity risk**

Liquidity risk is the risk that the Company will not have sufficient cash resources to meet its financial obligations as they come due. The Company's approach to managing liquidity risk is to ensure that it will have sufficient liquidity to meet liabilities when due by monitoring actual and projected cash flows. The Board of Directors review and approve the operating plan as well as any material transactions outside the ordinary course of business. This oversight process is also supplemented by ongoing detailed cash forecasting processes. The Company is dependent on raising funds through the issuance of shares, loan facilities, government grants and/or attracting partners to undertake further development and commercialization of its technology. As at September 30, 2023, the Company had an aggregate cash balance of \$6,244,300 to settle current liabilities of \$188,208 (December 31, 2022 – cash \$6,958,336 to settle current liabilities of \$326,856). Most of the Company's financial liabilities have contractual terms of 30 days or less.

### **d. Market risk**

Market risk is the risk of loss that may arise from changes in market factors such as interest rates and foreign exchange rates.

#### *i. Interest rate risk*

The Company's current policy is to invest excess cash in interest bearing cash accounts, bankers' acceptances and guaranteed investment certificates issued by Canadian banks with Credit ratings of As or higher. The Company periodically monitors its investments and the creditworthiness of the banks it holds investments in.

#### *ii. Foreign currency risk*

The Company's reporting and functional currency is the Canadian dollar, and most purchases are transacted in Canadian dollars. The Company does not hold any significant balances in foreign currencies which may give rise to exposure to foreign exchange risk. Any impact from fluctuations in foreign exchange rates would be minimal and therefore the Company does not hedge its foreign exchange risk.

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Unaudited, expressed Canadian Dollars

### 12. Capital management

The Company considers its equity as its capital. At September 30, 2023, the Company had total equity of \$6,172,793 (December 31, 2022 – \$6,741,810). The Company does not have any bank debt or externally imposed capital requirements. The Company's capital management objectives are to manage its cash and cash equivalents prudently; to minimize the expenditures on general and administrative costs to ensure funds are available to continue to advance the commercialization of CVW™ projects; and to access available government funding for research and development and commercialization. The Company reviews its capital management approach on an ongoing basis and believes that its current approach, given the relative size and stage of the Company, is appropriate.

### 13. Commitments

A commitment to pay a \$100,000 retention bonus to a corporate officer was agreed to as part of the terms of the January 2022 private placement. This commitment is payable as at December 31, 2023 should the officer still be employed by the Company at that time.

On March 31, 2022, the previous CEO announced his retirement. Under the terms of a consulting agreement that commenced April 1, 2022, a company controlled by him will continue to provide services to the Company at a fee of \$115,000 per annum. The contract is in place until February 2025.

### 14. Presentation of expenses

The Company's operating expenses are presented by nature within the Condensed Interim Statements of Loss and Comprehensive Loss for the three and nine month periods ended September 30, 2023. Prior to January 1, 2023, the Company presented its operating expenses by function.

The tables below shows how the amounts are classified to confirm to the current year presentation.

#### Three month period ended September 30, 2022

	General and administrative expenses <sup>(1)</sup>							Research and development expenses <sup>(1)</sup>				Other <sup>(1)</sup>	Total Expenses <sup>(2)</sup>	
	Compensation and benefits	Director fees	Stock-based compensation	Consulting and professional fees	Rent, insurance and office	Travel	Investor relations and regulatory	Total	Projects and related expenditures	Compensation and benefits	Stock-based compensation	Total	Other (income)	Total Expenses
	\$							\$				\$	\$	
Compensation and benefits	56,446	-	-	10,538	300	-	-	67,284	6,800	126,883	-	133,683	-	200,967
Consulting fees	-	-	-	32,081	-	-	-	32,081	-	-	-	-	-	32,081
Director fees	-	70,350	-	-	-	-	-	70,350	-	-	-	-	-	70,350
Professional fees	-	-	-	70,263	-	-	-	70,263	1,994	-	-	1,994	-	72,257
Investor communications and marketing	-	-	-	-	-	3,646	-	3,646	3,741	-	-	3,741	-	7,387
Office and administration	-	11,822	-	-	28,006	-	-	39,828	3,621	-	-	3,621	(972)	42,477
Transfer agent and regulatory fees	-	-	-	-	-	-	6,226	6,226	-	-	-	-	-	6,226
Engineering and analysis	-	-	-	-	156	-	-	156	37,367	-	-	37,367	-	37,523
Stock-based compensation	-	-	75,474	-	-	-	-	75,474	-	-	-	-	-	75,474
Interest and other expenses	-	-	-	-	485	-	-	485	-	-	-	-	-	485
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	(28,219)	(28,219)
Amount as previously reported in Q3 2022	56,446	82,172	75,474	112,882	28,947	3,646	6,226	365,793	53,523	126,883	-	180,406	(29,191)	517,008

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three and nine months ended September 30, 2023 and 2022

Unaudited, expressed Canadian Dollars

### Nine month period ended September 30, 2022

	General and administrative expenses <sup>(1)</sup>							Research and development expenses <sup>(1)</sup>				Other <sup>(1)</sup>	Total Expenses <sup>(2)</sup>	
	Compensation and benefits	Director fees	Stock-based compensation	Consulting and professional fees	Rent, insurance and office	Travel	Investor relations and regulatory	Total	Projects and related expenditures	Compensation and benefits	Stock-based compensation	Total	Other (income)	Total Expenses
	\$							\$				\$	\$	
Compensation and benefits	452,608	-	-	10,538	1,493	-	-	464,639	7,719	419,677	-	427,396	-	892,035
Consulting fees	-	-	-	65,473	-	-	-	65,473	-	-	-	-	-	65,473
Director fees	-	190,143	-	-	-	-	-	190,143	-	-	-	-	-	190,143
Professional fees	-	-	-	203,362	-	-	-	203,362	16,927	-	-	16,927	-	220,289
Investor communications and marketing	-	-	-	-	720	5,388	447	6,555	6,987	-	-	6,987	-	13,542
Office and administration	-	32,497	-	-	93,979	-	-	126,476	9,903	-	-	9,903	(861)	135,518
Transfer agent and regulatory fees	-	-	-	-	-	-	99,108	99,108	-	-	-	-	-	99,108
Engineering and analysis	-	-	-	-	-	-	-	-	71,130	-	-	71,130	-	71,130
Stock-based compensation	-	-	1,398,620	-	-	-	-	1,398,620	-	-	135,420	135,420	-	1,534,040
Interest and other expenses	-	-	-	-	2,134	-	-	2,134	(297)	-	-	(297)	-	1,837
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	(42,084)	(42,084)
Amount as previously reported in Q3 2022	452,608	222,640	1,398,620	279,373	98,326	5,388	99,555	2,556,510	112,369	419,677	135,420	667,466	(42,945)	3,181,031

- 1) Expenses categorized by function as previously presented in the Condensed Interim Statements of Loss and Comprehensive Loss for the three and nine month periods ended September 30, 2022.
- 2) Expenses categorized by nature for the comparative period of the Condensed Interim Statements of Loss and Comprehensive Loss.

### 15. Interest and other expenses

	Three months ended September 30,		Nine months ended September 30,	
	2023	2022	2023	2022
	\$	\$	\$	\$
Interest expense and banking charges	539	485	1,840	2,134
Other income	-	-	-	(297)
Total	539	485	1,840	1,837