



CVW CleanTech Inc.

Condensed Interim Financial Statements  
For the three and nine months ended September 30, 2024 and 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. discloses that the Company's independent auditor has not reviewed these condensed interim financial statements for the three and nine months ended September 30, 2024 and 2023.

CVW CleanTech Inc.  
**Condensed Interim Statements of Financial Position**

Unaudited, expressed in Canadian dollars

	Notes	As at September 30, 2024 \$	As at December 31, 2023 \$
<b>Assets</b>			
<b>Current assets</b>			
Cash and cash equivalents		6,197,210	6,003,340
Prepaid expenses and other assets		83,023	54,572
Trade and other receivables	4	<u>35,873</u>	<u>216,803</u>
Total current assets		6,316,106	6,274,715
<b>Long-term assets</b>			
Property, plant and equipment	5	16,860	16,107
Royalty debenture	6	<u>14,070,000</u>	<u>-</u>
Total long-term assets		14,086,860	16,107
<b>Total assets</b>		<u>20,402,966</u>	<u>6,290,822</u>
<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities		409,352	673,716
Current portion of lease liabilities	7	<u>2,050</u>	<u>1,596</u>
Total current liabilities		411,402	675,312
<b>Non-current liabilities</b>			
Lease liabilities	7	<u>2,744</u>	<u>3,948</u>
<b>Total liabilities</b>		<u>414,146</u>	<u>679,260</u>
<b>Equity</b>			
Share capital	8	102,695,915	86,079,458
Contributed surplus		23,921,172	23,409,252
Deficit		<u>(106,628,267)</u>	<u>(103,877,148)</u>
<b>Total equity</b>		<u>19,988,820</u>	<u>5,611,562</u>
<b>Total liabilities and equity</b>		<u>20,402,966</u>	<u>6,290,822</u>
<b>Commitments</b>	14		

Approved by the Board of Directors

(signed) "Darren Morcombe", Director

(signed) "Jennifer Kaufield", Director

## Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited, expressed in Canadian dollars

	Notes	Three months ended		Nine months ended	
		September 30,		September 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Revenue</b>					
Interest revenue on royalty debenture	6	85,417	-	85,417	-
<b>Expenses</b>					
Compensation and benefits		317,829	311,194	1,008,224	803,175
Consulting fees		159,160	74,278	355,953	163,223
Professional fees		149,645	45,084	389,984	211,166
Director fees		66,955	56,683	144,528	170,048
Office and administration		44,998	35,238	135,126	107,204
Investor communication and marketing		40,670	42,010	152,787	131,833
Transfer agent and regulatory fees		33,188	11,661	111,360	96,136
Engineering and analysis		-	-	33,663	2,172
Stock-based compensation		(99,136)	665,903	806,590	1,798,505
Amortization	5	2,050	843	5,846	2,827
Total expenses		715,359	1,242,894	3,144,061	3,486,289
<b>Operating loss</b>		629,942	1,242,894	3,058,644	3,486,289
Interest and other expenses	16	873	539	3,577	1,840
Interest and other income	17	(46,395)	(78,749)	(296,658)	(223,707)
<b>Net loss and comprehensive loss</b>		584,420	1,164,684	2,765,563	3,264,422
<b>Basic and diluted loss per share</b>	10	(0.01)	(0.01)	(0.02)	(0.03)

**Condensed Interim Statements of Changes in Equity**

Unaudited, expressed in Canadian dollars

	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>
	Share capital \$	Contributed surplus \$	Deficit \$	Total equity \$
Balance – January 1, 2024	86,079,458	23,409,252	(103,877,148)	5,611,562
Loss for the period ended September 30, 2024	-	-	(2,765,563)	(2,765,563)
Private placement	16,749,561	-	-	16,749,561
Stock-based compensation expense	-	806,590	-	806,590
Stock options exercised	588,197	(237,797)	-	350,400
Equity issuance costs	(721,301)	-	-	(721,301)
RSUs settled in cash	-	(42,429)	-	(42,429)
Reclassification upon settlement of RSUs	-	(14,444)	14,444	-
Balance – September 30, 2024	<u>102,695,915</u>	<u>23,921,172</u>	<u>(106,628,267)</u>	<u>19,988,820</u>

**Condensed Interim Statements of Cash Flows**

Unaudited, expressed in Canadian dollars

	Notes	Three months ended		Nine months ended	
		September 30,		September 30,	
		2024	2023	2024	2023
		\$	\$	\$	\$
<b>Operating activities</b>					
Net loss for the period		(584,420)	(1,164,684)	(2,765,563)	(3,264,422)
Items not affecting cash:					
Stock-based compensation		(99,136)	665,903	806,590	1,798,505
Amortization	5	2,050	843	5,846	2,827
Interest revenue on royalty debenture	6	(70,000)	-	(70,000)	-
Interest on lease liabilities	7	123	-	396	-
Total items not affecting cash		(166,963)	666,746	742,832	1,801,332
Net change in non-cash working capital items					
Prepaid expenses and other assets		37,853	16,763	(28,451)	(6,386)
Trade and other receivables		(18,513)	(3,663)	180,930	(65,390)
Accounts payable and accrued liabilities		(70,230)	(13,531)	(264,364)	(73,258)
Total net change in non-cash working capital items		(50,890)	(431)	(111,885)	(145,034)
Cash used in operating activities		(802,273)	(498,369)	(2,134,616)	(1,608,124)
<b>Investing activities</b>					
Purchase of property, plant and equipment	5	(4,904)	(1,274)	(6,599)	(2,812)
Purchase of royalty debenture	6	(14,000,000)	-	(14,000,000)	-
Cash used in investing activities		(14,004,904)	(1,274)	(14,006,599)	(2,812)
<b>Financing activities</b>					
Private placement – shares		16,749,561	-	16,749,561	-
Stock options and RSUs exercised	9	350,400	46,001	350,400	681,702
RSUs settled in cash		-	-	(42,429)	-
Conversion of warrants	8	-	75,000	-	215,198
Equity issuance costs		(721,301)	-	(721,301)	-
Payment of lease liabilities		(573)	-	(1,146)	-
Cash generated by financing activities		16,378,087	121,001	16,335,085	896,900
Increase (decrease) in cash and cash equivalents		1,570,910	(378,642)	193,870	(714,036)
Cash and cash equivalents – beginning of period		4,626,300	6,622,942	6,003,340	6,958,336
<b>Cash and cash equivalents – end of period</b>		<b>6,197,210</b>	<b>6,244,300</b>	<b>6,197,210</b>	<b>6,244,300</b>

# CVW CleanTech Inc.

## Notes to the Condensed Interim Financial Statements

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

---

Unaudited, expressed in 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 recover bitumen, solvents, critical minerals, and water from oil sands froth treatment tailings while significantly reducing their emissions and enhancing tailings management. The Company has also diversified into building a portfolio of royalty-based cash flow streams by partnering with clean technology companies.

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

### 2. Basis of presentation

The 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, 2024, including the 2023 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, 2023 with the exception to new accounting policies adopted during the period as described in Note 3c. 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, 2023.

These condensed interim financial statements were authorized for issue by the Company’s Board of Directors on November 27, 2024.

These condensed interim financial statements are presented in Canadian dollars, which is the Company’s functional currency. Certain prior year comparative figures have been reclassified to conform to current year presentation.

### 3. Material accounting policies

#### a. Measurement basis

These condensed interim financial statements have been prepared on a historical cost basis, except for certain equity instruments, which have been measured at fair value.

#### b. Critical accounting estimates and judgements

The preparation of financial statements in accordance with IFRS Accounting Standards requires management to make critical accounting estimates and judgements that affect the amounts reported in the financial statements and accompanying notes. These estimates and judgements are re-evaluated regularly, based upon historical experience and other factors, including

# CVW CleanTech Inc.

## Notes to the Condensed Interim Financial Statements

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

---

Unaudited, expressed in Canadian dollars

expectations of future events, as believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the actual results.

The significant judgements 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, 2023 annual audited financial statements, except as noted below.

### *Royalty Debenture*

The Company purchased a royalty debenture in the amount of \$14.0 million on September 13, 2024. Additional details on the royalty debenture can be found in Note 3c, Note 6, and Note 13.

### ***c. Adoption of new accounting policies and pronouncements and changes in accounting policies***

#### *Adoption of new accounting policies*

Subsequent to the purchase of a royalty debenture as described in Note 6, the Company has adopted the following accounting policies:

##### *Revenue recognition*

Revenue includes income earned from royalty or other interests. Revenue is measured at the fair value of consideration received or receivable when management can reliably estimate the amount pursuant to the terms of an agreement. In some instances, the Company will not have access to sufficient information to make a reasonable estimate of consideration to which it expects to be entitled and, accordingly, revenue recognition is deferred until management can make a reasonable estimate. Differences between estimates and actual amounts are adjusted and recorded in the period that the actual amounts are known. Revenue is recognized on an accrual basis.

##### *Financial instruments*

The Company's financial assets include cash and cash equivalents, trade and other receivables, and its royalty debenture. Financial liabilities include accounts payable and accrued liabilities.

Financial instruments are recognized when the Company becomes a party to the contractual provisions of the instrument. Financial assets and liabilities are not offset unless the Company has the legal right to offset and intends to settle on a net basis or settle the asset and liability simultaneously.

#### *i. Classification*

The Company classifies its financial instruments in the following categories: at fair value through profit and loss ("FVTPL"), at fair value through other comprehensive (loss) income, or at amortized cost. The Company determines the classification of financial assets at initial recognition. The classification of financial instruments is driven by the Company's business model for managing the financial assets and their contractual cash flow characteristics.

#### *ii. Measurement*

##### *Financial assets and liabilities at FVTPL*

Financial assets and liabilities carried at FVTPL are initially recorded at fair value. Transaction costs are expensed in the Condensed Interim Statements of Loss and Comprehensive Loss. Realized and unrealized gains and losses arising from changes in the fair value of the financial assets and liabilities held at FVTPL are included in the Condensed Interim Statements of Loss

# CVW CleanTech Inc.

## Notes to the Condensed Interim Financial Statements

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

Unaudited, expressed in Canadian dollars

and Comprehensive Loss in the period in which they arise. Where management has opted to recognize a financial liability at FVTPL, any changes associated with the Company's own credit risk will be recognized in other comprehensive (loss) income.

### *Financial assets and liabilities at amortized cost*

Financial assets and liabilities at amortized cost are initially recognized at fair value plus or minus transaction costs and are subsequently carried at amortized cost less any impairment.

### *Adoption of new accounting pronouncements*

The Company has adopted the following accounting policy changes, as prescribed by IFRS Accounting Standards, effective January 1, 2024:

#### *IAS 1 – Classification of liabilities*

The amendments clarify how to classify debt and other liabilities as current or non-current. There was no material impact to these condensed interim financial statements as a result of adopting the amendments.

## 4. Trade and other receivables

	September 30, 2024	December 31, 2023
	\$	\$
Accounts receivable	-	204,825
GST receivable	35,873	11,978
Total	35,873	216,803

During the nine month period ended September 30, 2024 the Company received \$204,800 of government holdbacks from program grants. Government holdbacks are recognized in the year the related project is completed, when the Company believes it has met the conditions in the funding agreement, and when there is reasonable assurance the funds will be received.

## 5. Property, plant and equipment

	Company Owned Assets		Right-of-Use Assets	
	Computer Hardware \$	Office Equipment \$	Office Premises \$	Total \$
Cost – January 1, 2023	6,635	-	-	6,635
Additions	3,209	5,356	5,835	14,400
Cost – December 31, 2023	9,844	5,356	5,835	21,035
Additions	6,080	519	-	6,599
Cost- September 30, 2024	15,924	5,875	5,835	27,634
Accumulated amortization – January 1, 2023	-	-	-	-
Amortization	4,429	207	292	4,928
Accumulated amortization – December 31, 2023	4,429	207	292	4,928
Amortization	3,540	993	1,313	5,846
Accumulated amortization – September 30, 2024	7,969	1,200	1,605	10,774
Net book value – December 31, 2023	5,415	5,149	5,543	16,107
Net book value – September 30, 2024	7,955	4,675	4,230	16,860

# CVW CleanTech Inc.

## Notes to the Condensed Interim Financial Statements

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

Unaudited, expressed in Canadian dollars

### 6. Royalty debenture

On August 7, 2024 the Company announced that it had entered into a royalty transaction with Northstar Clean Technologies Inc. ("Northstar"). The Company purchased a \$1.5 million initial debenture carrying interest at 10%, payable semi-annually. The transaction closed on September 13, 2024, at which time the initial debenture was replaced by the larger \$14.0 million royalty debenture purchased by the Company.

The second lien royalty debenture has a 10% interest rate, payable semi-annually, and is convertible into a revenue royalty on Northstar's next two planned asphalt shingle reprocessing facilities. Northstar may, at its sole discretion, capitalize the interest payable on the royalty debenture for the first three years of its term which would increase the royalty conversion amount on a pro-rata basis. Upon conversion of the royalty debenture, and pursuant to the terms of the royalty agreement, the Company is entitled to receive recurring royalty payments based on revenues at Northstar's next two planned commercial facilities, which will be no less than 12% of such revenues. The below table is a summary of the changes in fair value of royalty debenture:

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Balance, beginning of period	-	-
Purchased during the period	14,000,000	-
Interest revenue	85,417	-
Interest received during the period	(15,417)	-
Fair value gain (loss) recognised in condensed interim statement of loss and comprehensive loss	-	-
Balance, end of period	<u>14,070,000</u>	<u>-</u>

The Company uses the discounted cashflow method to determine the fair value of the royalty debenture. The fair value of the royalty debenture is subject to changes at each reporting period based on the Company's review of estimates and inputs of the underlying cash flow model.

### 7. Lease liabilities

The Company currently has a leased office space.

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
	\$	\$
No later than one year	2,293	1,720
Later than one year and no later than three years	3,057	4,776
Total minimum lease payments	<u>5,350</u>	<u>6,496</u>
Less: Interest portion at an interest rate of 10% (2023: 10%)	556	952
Total lease liabilities	<u>4,794</u>	<u>5,544</u>
Less: current portion	<u>2,050</u>	<u>1,596</u>
Long-term portion	<u>2,744</u>	<u>3,948</u>

# CVW CleanTech Inc.

## Notes to the Condensed Interim Financial Statements

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

Unaudited, expressed in Canadian dollars

### 8. Share capital

	September 30, 2024		December 31, 2023	
	Common shares	Amount \$	Common shares	Amount \$
Balance, beginning of period	125,591,635	86,079,458	122,798,563	83,739,554
Private placement	18,610,623	16,749,561	-	-
Stock options exercised	510,000	588,197	1,227,500	1,328,304
Conversion of warrants	-	-	717,500	430,499
Conversion of DSUs	-	-	648,072	476,652
Conversion of RSUs	-	-	200,000	104,449
Equity issue costs	-	(721,301)	-	-
Balance, end of period	144,712,258	102,695,915	125,591,635	86,079,458

On September 6, 2024, CVW CleanTech completed a private placement of equity shares (the "Offering"). Pursuant to the Offering, which consisted of a brokered and non-brokered portion, the Company issued a total of 18,610,623 common shares at an issue price of \$0.90 per common share for total gross proceeds of \$16,749,561. Legal, regulatory and financing costs were incurred totaling \$721,301 relating to this transaction, which are included as equity issue costs in the table above.

Share capital issued as a result of the private placement as noted above, the Company issued an additional 510,000 shares as a result of exercise of stock options. During 2023, the Company issued an additional 2,793,072 shares as a result of the exercise of stock options and warrants, and the redemption of DSUs and RSUs. These transactions are disclosed further within this note and in Note 9.

### Warrants

	September 30, 2024		December 31, 2023	
	Number of Warrants	Amount \$	Number of Warrants	Amount \$
Balance, beginning of year	11,824,164	4,657,925	12,541,664	4,873,227
Conversion of warrants	-	-	(717,500)	(215,302)
Balance, end of period	11,824,164	4,657,925	11,824,164	4,657,925

During the period ended September 30, 2024, no warrants were issued (twelve months ended December 31, 2023 - nil). During the nine months ended September 30, 2024, no warrants were exercised. During the twelve months ended December 31, 2023, 717,500 warrants were exercised for proceeds of \$215,198.

### 9. Equity-based compensation

The Company uses its Equity Incentive Plan (EIP) to encourage ownership of common shares and to align the interest of its directors, officers, employees, and consultants with the longer-term interest of Company shareholders. The EIP is 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 EIP is a "rolling" equity plan that includes 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 EIP was implemented on September 12, 2023 and is subject to annual approval by the Company's shareholders. All prior awards were continued under the EIP.

# CVW CleanTech Inc.

## Notes to the Condensed Interim Financial Statements

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

Unaudited, expressed in Canadian dollars

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

	<u>September 30, 2024</u>	<u>December 31, 2023</u>
Equity award pool (10% of common shares outstanding)	14,471,226	12,559,164
Less awards outstanding:		
Stock options	(8,038,532)	(8,032,500)
DSUs	(370,739)	(370,739)
RSUs	(1,716,080)	(741,248)
Available pool	<u>4,345,875</u>	<u>3,414,677</u>

At September 30 2024, an additional 4,345,875 (December 31, 2023 - 3,414,677) equity instruments could be granted in the form of either stock options, DSUs and/or RSUs.

### Stock options

	September 30, 2024		December 31, 2023	
	Number of stock options	Weighted average exercise price \$	Number of stock options	Weighted average exercise price \$
Balance, beginning of period	8,032,500	1.07	8,335,000	1.03
Granted	1,399,692	0.78	1,150,000	0.93
Exercised	(510,000)	0.69	(1,227,500)	0.64
Cancelled / Forfeited	(850,000)	0.93	-	-
Expired	(33,660)	0.80	(225,000)	0.92
Balance, end of period	<u>8,038,532</u>	<u>1.06</u>	<u>8,032,500</u>	<u>1.07</u>

On June 19, 2023, 1,150,000 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 stock options will vest after a minimum of 18 months and after attaining certain non-market based performance or market-based conditions. The stock-based compensation expense relating to the June 2023 option grants is being recognized over periods ranging from 30 to 52 months, based on management's estimate of the date that the non-market performance criteria will be satisfied. During the nine month period ended September 30, 2024, 850,000 of the stock options issued in June 2023 were forfeited and cancelled upon the departure of certain employees resulting in a reversal of \$148,926 previously included in stock-based compensation expense.

On February 5, 2024, 1,099,692 stock options were granted to officers of the Company with an exercise price of \$0.80 and a term of five years to expiry. These stock options vest in two tranches. 725,796 options ("February 2024 tranche 1") vest over a period of three years from the grant date. The stock-based compensation expense for the February 2024 tranche 1 stock options is being recognized over the vesting period of three years from the grant date. The remaining 373,896 stock options ("February 2024 tranche 2") will vest after attaining certain market-based conditions. The stock-based compensation expense relating to the February 2024 tranche 2 options grant is being recognized over periods ranging from 18 to 22 months, based on the management's estimate of the dates that the market-based conditions will be satisfied. The departure of employees accelerated the vesting of 116,093 stock options issued in February 2024 resulting in the recognition of \$56,680 as stock-based compensation expense during the nine month period ended September 30, 2024. 33,660 of these options expired without being exercised.

On March 19, 2024, 300,000 stock options were granted to an officer of the Company with an exercise price of \$0.70 and a term of five years to expiry. These stock options vest after a minimum of 18 months and after attaining certain non-market based performance or market-based conditions. The stock-based compensation expense relating to the March 2024 option

# CVW CleanTech Inc.

## Notes to the Condensed Interim Financial Statements

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

Unaudited, expressed in Canadian dollars

grants is being recognized over periods ranging from 21 to 43 months, based on management's estimate of the date that the non-market performance criteria will be satisfied.

The fair values of the stock options granted during 2023 and 2024 were calculated using the following assumptions:

Option grant date	June 19, 2023	February 5, 2024 tranche 1	February 5, 2024 tranche 2	March 19, 2024
Valuation method	Monte Carlo	Black-Scholes	Monte Carlo	Monte Carlo
Risk free interest rate	3.75%	3.73%	3.60%	3.57%
Term to expiry	5 years	5 years	5 years	5 years
Expected life	5.0	5.0	5.0	5.0
Expected volatility	81%	91%	86%	87%
Number of stock options	1,150,000	725,796	373,896	300,000
Fair value per option	\$0.54	\$0.48	\$0.50	\$0.39

The Monte Carlo valuation is used to determine the value of stock options when non-market performance based criteria is used for vesting. The Black-Scholes model is used to value stock options that have market based vesting criteria.

The following table summarizes the stock options outstanding as at September 30, 2024:

Range of exercise price	Number of stock options outstanding	Weighted average remaining contractual life (years)	Weighted average exercise price \$	Number of stock options exercisable	Weighted average remaining contractual life (years)	Weighted average exercise price \$
\$0.46 - \$0.69	1,372,500	2.29	0.46	1,372,500	2.29	0.46
\$0.70 - \$0.93	1,666,032	4.05	0.81	82,433	0.25	0.80
\$0.94 - \$1.35	5,000,000	2.96	1.31	-	N/A	N/A
Total	8,038,532	3.07	1.06	1,454,933	2.18	0.48

### Deferred share units

	September 30, 2024		December 31, 2023	
	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	370,739	0.77	1,018,811	0.75
Converted	-	-	(648,072)	0.74
Cancelled	-	-	-	-
Balance, end of period	370,739	0.77	370,739	0.77

No DSUs were granted during the nine month period ended September 30, 2024 or the year ended December 31, 2023.

# CVW CleanTech Inc.

## Notes to the Condensed Interim Financial Statements

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

Unaudited, expressed in Canadian dollars

### Restricted share units

	September 30, 2024		December 31, 2023	
	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	741,248	0.82	941,248	0.76
Granted	1,047,747	0.73	-	-
Converted	-	-	(200,000)	0.52
Cancelled	(72,915)	0.73	-	-
Balance, end of period	1,716,080	0.77	741,248	0.82

During the nine month period ended September 30, 2024, the Company granted 1,047,747 RSUs. During the year ended December 31, 2023 no RSUs were granted. During the nine month period ended September 30, 2024, 72,915 RSUs were cancelled and settled in cash.

### 10. Basic and diluted loss per share

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
Net loss	\$584,420	\$1,164,684	\$2,765,563	\$3,264,422
Weighted average number common shares outstanding	130,733,472	124,516,606	127,318,091	124,082,519
Basic and diluted loss per share	\$0.01	\$0.01	\$0.02	\$0.03

The effect of all 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.

### 11. Segment information

The Company considers its Board of Directors as the Chief Operating Decision Maker (CODM). As at September 30, 2024, the Company's CODM views the Company as a single reporting segment engaged in the generation of royalties through its proprietary CVW™ technology and other technologies. The 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.

### 12. 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 corporate insiders and directors of the Company for the three and nine months ended September 30, 2024 and 2023 is indicated below:

#### Corporate insiders

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Compensation and benefits	317,829	311,194	1,008,224	803,175
Consulting fees	66,025	28,750	147,885	86,250
Stock-based compensation	(99,136)	665,903	806,590	1,798,505
Total	284,718	1,005,847	1,962,699	2,687,930

# CVW CleanTech Inc.

## Notes to the Condensed Interim Financial Statements

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

Unaudited, expressed in Canadian dollars

### Board of Directors

	Three months ended September 30,		Nine months ended September 30,	
	2024	2023	2024	2023
	\$	\$	\$	\$
Director fees	66,955	56,683	144,528	170,048
Stock-based compensation	-	-	-	-
Total	66,955	56,683	144,528	170,048

Accounts payable and accrued liabilities as at September 30, 2024 included \$69,263 payable to corporate insiders and directors (December 31, 2023 - \$69,510) in respect of the transactions identified above.

Under the terms of a consulting agreement, a company controlled by the Company's former Chief Executive Officer will continue to provide services to the Company at an annual fee of \$115,000 per annum. The contract is in place until February 2025.

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, 2024 were \$15,862 (September 30, 2023 - \$114,804).

### 13. Financial instruments and financial risk factors

The Company has for accounting purposes, designated its cash and cash equivalents and trade and other receivables as loans and receivables. The Company's royalty debenture is designated as financial instrument carried at FVTPL. Accounts payable and accrued liabilities have been designated as other financial liabilities for accounting purposes.

The Company characterizes its fair value measurements into a three-level hierarchy depending on the degree to which the inputs are observable:

Level 1: quoted prices (unadjusted) in active markets for identical assets or liabilities;

Level 2: inputs other than quoted prices included within Level 1 that are observable for the asset or liability either directly (i.e. as prices) or indirectly (i.e. derived from prices), and

Level 3: inputs for the asset or liability that are not based on observable market data (unobservable inputs).

As at September 30, 2024 and December 31, 2023, the Company estimates that both the carrying and fair value amounts of the Company's financial instruments designated as loans and receivables are approximately equivalent because of the short-term nature of the assets and liabilities.

The value of the royalty debenture is considered a level 3 measurement. The Company has established a valuation approach for determining the fair value of its level 3 asset using publicly available information, internal information, valuation assumptions, and other data points to calculate the value of the royalty debenture and record changes in the fair value at each reporting period. The fair value of royalty debenture is calculated using the following Level 1, Level 2 and Level 3 assumptions.

# CVW CleanTech Inc.

## Notes to the Condensed Interim Financial Statements

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

Unaudited, expressed in Canadian dollars

Type	Valuation technique	Key Inputs	Relationship Between Significant Inputs and Fair Value Measurements
Royalty debenture	The fair value of the royalty debenture has been determined using a discounted cashflow model	<p><i>Key observable inputs (Level 1)</i></p> <ul style="list-style-type: none"> <li>- <i>None</i></li> </ul> <p><i>Key observable inputs (Level 2)</i></p> <ul style="list-style-type: none"> <li>- <i>Tipping fee</i></li> </ul> <p><i>Key unobservable inputs (Level 3)</i></p> <ul style="list-style-type: none"> <li>- <i>Price for liquid asphalt</i></li> <li>- <i>Timing of cashflows</i></li> <li>- <i>Discount rate</i></li> </ul>	<p>The estimated fair value would increase (decrease) if:</p> <ul style="list-style-type: none"> <li>- <i>The tipping fee is higher (lower)</i></li> <li>- <i>The price of liquid asphalt is higher (lower)</i></li> <li>- <i>Timing of cashflows is accelerated (delayed)</i></li> <li>- <i>Discount rate is decreased (increased)</i></li> </ul>

The Company has calculated the following fair value for its financial instrument measured at FVTPL:

Recurring fair value measurement as at September 30, 2024	Level 1 \$	Level 2 \$	Level 3 \$	Total \$
Royalty debenture	-	-	14,070,000	14,070,000

### 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, receivables, and interest payments on its royalty debenture. 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 a strong history of collection. The Company limits credit risk with respect to its royalty investments by performing detailed due diligence on royalty counterparties and, where possible, securing the Company's rights against present and after-acquired property of the royalty counterparty.

### 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 reviews and approves the operating plan as well as material transactions outside the ordinary course of business. This oversight process is also supplemented by a continuous and detailed cash forecasting process. The Company is dependent on raising funds through the issuance of shares, loan facilities, government grants and/or attracting partners to undertake further development

# CVW CleanTech Inc.

## Notes to the Condensed Interim Financial Statements

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

Unaudited, expressed in Canadian dollars

and commercialization of its technology. As at September 30, 2024, the Company had an aggregate cash balance of \$6,197,210 to settle current liabilities of \$411,402 (December 31, 2023 - Cash \$6,003,340; current liabilities \$675,312). 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 Aa 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. The Company's current revenue is payable in Canadian dollars. Any impact from fluctuations in foreign exchange rates would be minimal and therefore the Company does not hedge its foreign exchange risk.

## 14. Commitments

As of September 30, 2024, the Company is committed to the following future payments:

	Less than 1 year \$	1 – 2 Years \$	3 - 5 Years \$
Total commitments	63,062	-	-

## 15. Capital management

The Company considers its equity as its capital. At September 30, 2024, the Company had total equity of \$19,988,820 (December 31, 2023 – \$5,611,562). The Company does not have any bank debt or externally imposed capital requirements. As at September 30, 2024, the Company's capital management objectives are to manage its cash and cash equivalents prudently; to minimize expenditures to ensure funds are available to continue to advance the commercialization of CVW™ projects; and to access available funding for commercialization and to support due diligence activities for future royalty acquisitions. 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.

## 16. Interest and other expenses

	Three months ended September 30,		Nine months ended September 30,	
	2024 \$	2023 \$	2024 \$	2023 \$
Bank charges	750	539	2,035	1,840
Interest on lease liabilities	123	-	396	-
Other expenses	-	-	1,146	-
Total	873	539	3,577	1,840

# CVW CleanTech Inc.

## Notes to the Condensed Interim Financial Statements

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

Unaudited, expressed in Canadian dollars

---

### 17. Interest and other income

	<u>Three months ended September 30,</u>		<u>Nine months ended September 30,</u>	
	<u>2024</u>	<u>2023</u>	<u>2024</u>	<u>2023</u>
	<u>\$</u>	<u>\$</u>	<u>\$</u>	<u>\$</u>
Interest income	46,395	78,749	176,411	223,707
Other income – SR&ED	-	-	120,247	-
Total	<u>46,395</u>	<u>78,749</u>	<u>296,658</u>	<u>223,707</u>