



## CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

### **Condensed Interim Financial Statements**

Three month periods ended March 31, 2022 and 2021

(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 the unaudited condensed interim financial statements for the three months ended March 31, 2022 and 2021.

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Condensed Interim Statements of Financial Position

As at March 31, 2022 and December 31, 2021

(expressed in Canadian dollars)

	March 31, 2022 \$	December 31, 2021 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	4,028,110	407,782
Prepaid expenses and other assets	20,964	26,045
Accounts receivable	111,378	183,007
<b>Total assets</b>	<b>4,160,452</b>	<b>616,834</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	370,705	346,943
Deferred compensation (Note 5)	-	1,151,576
<b>Total liabilities</b>	<b>370,705</b>	<b>1,498,519</b>
<b>Shareholders' equity</b>		
Share capital (Note 4)	77,540,297	75,641,635
Contributed surplus	22,856,727	19,247,886
Deficit	(96,607,277)	(95,771,206)
<b>Total shareholders' equity (deficit)</b>	<b>3,789,747</b>	<b>(881,685)</b>
<b>Total liabilities and shareholders' equity</b>	<b>4,160,452</b>	<b>616,834</b>
Commitment (Note 9)		
Subsequent events (Note 12)		

Approved by the Board of Directors

(signed) "Darren Morcombe", Director

(signed) "John Kowal", Director

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Condensed Interim Statements of Loss and Comprehensive Loss

For the three month periods ended March 31, 2022 and 2021

(expressed in Canadian dollars)

	March 31, 2022 \$	March 31, 2021 \$
<b>Expenses</b>		
General and administrative (Note 8)	644,006	373,034
Research and development (Note 8)	<u>195,533</u>	<u>540,793</u>
Operating loss	839,539	913,827
Other income	<u>(3,468)</u>	<u>(1,655)</u>
Net loss and comprehensive loss	<u>(836,071)</u>	<u>(912,172)</u>
Basic and diluted loss per share (Note 6)	<u>\$(0.010)</u>	<u>\$(0.010)</u>

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Condensed Interim Statements of Changes in Shareholders' Equity (Deficit)

For the three month periods ended March 31, 2022 and 2021

(expressed in Canadian dollars)

	Share capital \$	Contributed surplus \$	Deficit \$	Shareholders' equity (deficit) \$
<b>Balance – January 1, 2022</b>	75,641,635	19,247,886	95,771,206	(881,685)
Loss for the period	-	-	711,792	(711,792)
Shares issued	4,945,890	-	-	4,945,890
Proceeds allocated to warrants	(3,783,154)	3,783,154	-	-
Stock options granted	-	124,279	124,279	-
Stock options exercised	830,567	(331,467)	-	499,100
Warrants converted	388,001	(48,501)	-	339,500
Conversion of DSU's	215,947	(215,947)	-	-
Equity issuance costs	(698,589)	297,323	-	(401,266)
<b>Balance – March 31, 2022</b>	<b>77,540,297</b>	<b>22,856,727</b>	<b>96,607,277</b>	<b>3,789,747</b>
	Share capital \$	Contributed surplus \$	Deficit \$	Shareholders' equity \$
<b>Balance – January 1, 2021</b>	75,686,611	19,147,030	93,499,329	1,334,312
Loss for the period	-	-	912,172	(912,172)
Equity-based compensation	-	46,267	-	46,267
<b>Balance – March 31, 2021</b>	<b>75,686,611</b>	<b>19,193,297</b>	<b>94,411,501</b>	<b>468,407</b>

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Condensed Interim Statements of Cash Flow

For the three month periods March 31, 2022 and 2021

(expressed in Canadian dollars)

	March 31, 2022 \$	March 31, 2021 \$
<b>Cash (used in) provided by:</b>		
<b>Operating activities</b>		
Net loss for the period	(836,071)	(912,172)
Items not affecting cash:		
Amortization	-	449
Unrealized foreign exchange loss	52	-
Share based compensation	124,279	46,267
	<u>124,331</u>	<u>46,716</u>
Net change in non-cash working capital items		
Prepaid expenses and other assets	5,080	(38,058)
Accounts receivable	71,629	(48,879)
Accounts payable and accrued liabilities	(23,763)	(98,616)
Deferred compensation	(1,151,576)	99,375
	<u>(1,051,104)</u>	<u>(86,178)</u>
Cash used in operating activities	(1,762,844)	(951,634)
<b>Financing activities</b>		
Issuance of shares and warrants	4,945,890	-
Stock options exercised	499,100	-
Warrants converted	339,448	-
Issuance costs	(401,266)	-
	<u>5,383,172</u>	<u>-</u>
Cash generated by financing activities	5,383,172	-
Increase/ (decrease) in cash and cash equivalents	3,620,328	(951,634)
Cash and cash equivalents, beginning of period	<u>407,782</u>	<u>2,655,894</u>
<b>Cash and cash equivalents, end of period</b>	<b><u>4,028,110</u></b>	<b><u>1,704,260</u></b>

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2022 and 2021

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### 1. Reporting entity and nature of operations

CVW CleanTech Inc. ("CVW CleanTech" or "the Company") is a clean technology innovator helping the oil sands industry achieve their ESG goals. 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, rare earths and water from oil sands froth treatment tailings. Reducing emissions from these facilities will help oil sands producers in achieving their Net Zero goals.

The Company's principal business office is located at 800, 736 8th Avenue SW, Calgary, Alberta, T2P 1H4, 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 interim condensed financial statements present CVW CleanTech's financial results and financial position under International Financial Reporting Standards ("IFRS") as at and for the three months ended March 31, 2022, including the 2021 comparative period. The 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 unaudited interim condensed 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, 2021. Certain information and disclosures 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 financial statements should be read in conjunction with the annual audited financial statements and the notes thereto for the year ended December 31, 2021. The Company's unaudited interim condensed financial statements are prepared on a historical cost basis, except for certain equity instruments and financial assets, which have been measured at fair value. The Corporation's unaudited interim condensed financial are expressed in Canadian dollars, unless otherwise stated.

These financial statements were authorized for issue by the Company's Board of Directors on May 25, 2022.

### 3. Government assistance

Accounts receivable include \$73,347 of holdbacks from NRCan Clean Growth program grants, (December 31, 2021 - \$73,347). These holdbacks have been recognized as all funding has been received under this contract, the project completion date is approaching, the Company believes it has met the conditions in the respective funding agreement and there is reasonable assurance the funds will be received.

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2022 and 2021

### 4. Share capital

There are an unlimited number of common shares without par value authorized for issuance. The movement in share capital balances are noted below:

	March 31, 2022		December 31, 2021	
	Common shares	Amount \$	Common shares	Amount \$
Balance, beginning of year	88,480,791	75,641,635	88,480,791	75,686,611
Equity units issued	25,000,000	4,945,890	-	-
Allocation to investor warrants	-	(3,783,154)	-	-
Options exercised	573,334	830,567	-	-
Warrants converted	242,500	388,001	-	-
DSU's converted	283,002	215,947	-	-
Equity issue costs	-	(698,589)	-	(44,976)
<b>Balance, end of year</b>	<b>114,579,627</b>	<b>77,540,297</b>	<b>88,480,791</b>	<b>75,641,635</b>

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 ("2022 investor warrants") as described further in the 'Warrants' section of this note. Legal, regulatory and financing costs were incurred totaling \$698,589 relating to this transaction.

#### *Warrants*

In connection with the January 12, 2022 private placement, the Company issued 12,500,000 warrants, with an exercise price of \$0.30 per share. These warrants have a term to expiry of four years and may be converted commencing May 12, 2022. The fair value attributed to these warrants was \$3,783,154.

In conjunction with this private placement, warrants were to brokers for their assistance ('broker warrants'). The fair value attributed to these warrants, as part of equity issue costs, was \$297,323.

In May 2019, the Company issued 3,044,742 warrants ("2019 investor warrants") exercisable at \$1.40 per common share for a period of three years, expiring in May, 2022. A value of \$610,330 was attributed to these warrants.



# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2022 and 2021

### 4. Share capital (continued from previous page)

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

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

The movement in balance of warrants are noted below:

	<u>March 31, 2022</u>		<u>December 31, 2021</u>	
	<u>Warrants</u>	<u>Amount \$</u>	<u>Warrants</u>	<u>Amount \$</u>
Balance, beginning of year	3,044,742	610,330	3,044,742	610,330
Investor warrants issued	12,500,000	3,783,154	-	-
Broker warrants issued	1,500,000	297,323	-	-
Warrants converted (2019 investor warrants)	(162,500)	(48,500)	-	-
<b>Balance, end of year</b>	<u>16,882,442</u>	<u>4,642,307</u>	<u>88,480,791</u>	<u>610,330</u>

### 5. 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 interest of Company 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 associated equity-based compensation expenses are recognized as components of general and administrative and research and development expenses. The Company 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.

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2022 and 2021

### 5. Equity-based compensation (continued from previous page)

A summary of the equity plans is as follows:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
Equity Award Pool (10% of common shares outstanding)	11,457,963	8,848,079
Less Awards Outstanding:		
Stock Options	(6,966,666)	(3,205,000)
DSUs	(1,486,614)	(1,769,616)
RSUs	<u>(1,639,520)</u>	<u>(1,639,520)</u>
Available Pool	<u><b>1,340,963</b></u>	<u><b>2,233,943</b></u>

The available pool at December 31, 2021 would permit 2,233,943 stock options to be granted, and no RSU's and no DSU's. At March 31, 2022, the available pool could be split between RSUs, DSUs and stock options to arrive at a total of 1,340,963 additional equity instruments outstanding.

At December 31, 2021, a balance of \$1,151,576 remained outstanding as deferred compensation liability. This balance arose due to limitations in the number of available instruments under the DSU and RSU plans. In January 2022, the full balance was paid in cash.

### Stock options

The movement in balance of stock options are noted below:

	<u>March 31, 2022</u>	<u>December 31, 2021</u>		
<u>Stock options</u>	<u>Weighted average price \$</u>	<u>Stock options</u>	<u>Weighted average price \$</u>	
Balance, beginning of year	3,205,000	\$0.89	4,755,000	\$0.73
Granted	4,500,000	\$0.46	-	-
Exercised	(573,334)	\$0.87	-	-
Cancelled	(135,000)	\$0.87	-	-
Expired	-	-	<u>(1,550,000)</u>	<u>\$0.41</u>
<b>Balance, end of period</b>	<u><b>6,996,666</b></u>	<u><b>\$0.62</b></u>	<u><b>3,205,000</b></u>	<u><b>\$0.89</b></u>

# CVW CleanTech Inc.

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## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2022 and 2021

### 5. Equity-based compensation (continued from previous page)

On January 18, 2022, 4,500,000 options were granted to directors and officers of the Company with an exercise price of \$0.46. The options vest upon any one of three conditions being reached: a) the Company's shares trade at or above \$1.25 for 90 consecutive trading days; (b) a commercial contract to build a plant with an oilsands producer is executed; or (c) a change of control such as a takeover occurring. The fair value of \$1,440,000 was calculated based on a Black Scholes option pricing model, considering the probability of these vesting terms being met. The expense will be recorded over the ensuing 30 months, based upon an expectation a vesting conditions will be achieved by July 31, 2024.

	<b>Stock options granted January 18, 2022</b>
Risk free interest rate	1.36%
Term to expiry	5 years
Expected life	5.0
Expected volatility	100%
Fair value per option	<u>\$0.32</u>

The following table summarizes the options outstanding as at March 31, 2022:

<u>Range of exercise price</u>	<u>Number of stock options</u>	<u>Weighted average remaining contractual life years</u>	<u>Weighted average exercise price \$</u>	<u>Number of options exercisable</u>	<u>Weighted average exercise price \$</u>
\$0.00 - \$0.99	6,046,666	3.99	\$0.53	1,495,286	\$0.75
\$1.00 to \$1.50	950,000	0.18	\$1.14	950,000	\$1.14
Total	<u>6,996,666</u>	<u>3.47</u>	<u>\$0.62</u>	<u>2,445,286</u>	<u>\$0.90</u>

### Deferred share units

	<u>March 31, 2022</u>	<u>December 31, 2021</u>
	<u>Weighted average price \$</u>	<u>Weighted average price \$</u>
	<u>DSU's</u>	<u>DSU's</u>
Balance, beginning of year	1,769,616	1,769,616
Granted	-	-
Converted	(283,002)	-
Cancelled	-	-
Balance, end of period	<u>1,486,614</u>	<u>1,769,616</u>
	<u>\$0.75</u>	<u>\$0.75</u>

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2022 and 2021

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### 5. Equity-based compensation (continued from previous page)

#### Restricted share units

There were no changes in the balance of restricted share units in the periods ended March 31, 2022 or December 31, 2021. The 1,769,616 outstanding RSU's were granted at a weighted average price of \$0.75.

### 6. Basic and diluted loss per share

Basic net loss per share is calculated by dividing net loss by the weighted average number of common shares outstanding during the period.

	March 31, 2022 \$	March 31, 2021 \$
Net loss for the three months	836,071	912,172
Weighted average number of common shares outstanding	<u>110,602,902</u>	<u>88,480,791</u>
Basic and diluted loss per share	<u>\$0.01</u>	<u>\$0.01</u>

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

### 7. Segmented information

The Company has one reporting segment engaged in the commercialization of its proprietary CVW™ technology for the recovery of bitumen, solvent, heavy 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 of the Company's activities and assets are located in Canada.

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2022 and 2021

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### 8. Expenses by nature

General and administrative expenses consist of the following:

	March 31, 2022 \$	March 31, 2021 \$
Compensation and benefits	335,562	150,971
Directors' fees	58,800	74,375
Stock based compensation	109,951	30,117
Deferred compensation expense	-	12,500
Consulting and professional fees	39,064	59,657
Rent, insurance and office	36,516	33,649
Travel	13,555	203
Investor relations and regulatory	50,558	11,113
Amortization	-	449
	<hr/>	<hr/>
General and administrative expenses	644,006	373,034

During the quarter ended March 31, 2022, the Company's CEO retired. A total payment of \$218,000 was provided as a retiring allowance and to payout unused accrued vacation time.

Research and development expenses consist of the following:

	March 31, 2022 \$	March 31, 2021 \$
Projects, rent and other	36,823	1,495,524
Compensation and benefits	144,382	165,223
Stock based compensation	14,328	16,150
Deferred compensation expense	-	12,500
Recovery of project costs	-	(1,148,605)
	<hr/>	<hr/>
R&D expenses, net of government grants	195,533	540,792

### 9. Commitment

In March 2022, the CEO announced his retirement, effective March 31, 2022. Under the terms of a consulting agreement commencing April 1, 2022, he will continue to provide services to the Company until February 2025, at a rate of \$115,000 per annum.

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2022 and 2021

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### 10. 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 March 31, 2022 and December 31, 2021, 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.

#### 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 and recovery of project costs and related holdbacks and receivables. Cash and cash equivalents are held with Schedule I Canadian Chartered banks which are reviewed by management. Management believes that the credit risk concentration with respect to cash is minimal. The recovery of project costs is dependent on the Company meeting milestone obligations under contribution agreements. Management believes that credit risk associated with funding commitments from ERA and NRCan is low due to the project governance, credit quality of participants, reporting requirements to achieve milestones and the fact that all associated contributions were collected during the prior years.

#### 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 any 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 and commercialization of its technology. As at March 31, 2022, the Company had an aggregate cash balance of \$4,028,110 (December 31, 2021 - \$407,782) to settle current cash liabilities of \$370,705 (December 31, 2021 - \$346,943). Most of the Company's financial liabilities have contractual terms of 30 days or less.

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2022 and 2021

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### 10. Financial instruments and financial risk factors (continued from previous page)

#### 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 Schedule I Canadian banks. 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 to 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.

### 11. Capital management

The Company considers its shareholders' equity as its capital. At March 31, 2022 the Company's shareholders' equity was \$3,789,747 (December 31, 2021 – deficit - \$881,685). 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. Management 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.

### 12. Subsequent Events

#### a. Warrants

From April 1, 2022 to May 9, 2022, a further 279,000 warrants were converted to common shares. The Company realized gross cash proceeds of \$390,600 as a result of these transactions. All warrants exercised in this period were 2019 investor warrants with an expiry date of May 9, 2022. The number of warrants that expired and were not exercised amounted to 2,603,242.

#### b. Stock options

A total of 650,000 stock options were exercised for common shares in the period subsequent to March 31, 2022. The Company received \$695,500 upon exercise of these instruments.