



CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

**Condensed Interim Financial Statements**

For the periods ended March 31, 2023 and 2022

**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 periods ended March 31, 2023 and 2022.

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Condensed Interim Statements of Financial Position

As at March 31, 2023 and December 31, 2022

Unaudited, expressed in Canadian dollars

	March 31, 2023 \$	December 31, 2022 \$
<b>Assets</b>		
<b>Current assets</b>		
Cash and cash equivalents	6,963,521	6,958,336
Prepaid expenses and other assets	12,301	30,348
Accounts receivable	73,347	73,347
	<u>7,049,169</u>	<u>7,062,031</u>
<b>Long term assets</b>		
Equipment	6,635	6,635
<b>Total assets</b>	<u>7,055,804</u>	<u>7,068,666</u>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	232,410	326,856
<b>Total liabilities</b>	<u>232,410</u>	<u>326,856</u>
<b>Shareholders' Equity</b>		
Share capital (Note 5)	84,859,708	83,739,554
Contributed surplus	23,186,884	23,178,065
Deficit	<u>(101,223,198)</u>	<u>(100,175,809)</u>
<b>Total shareholders' equity (deficit)</b>	<u>6,823,394</u>	<u>6,741,810</u>
<b>Total liabilities and shareholders' equity</b>	<u>7,055,804</u>	<u>7,068,666</u>

*Commitments (Note 12)*

*Subsequent events (Note 15)*

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

For the three month periods ended March 31, 2023 and 2022

Unaudited, expressed in Canadian dollars

	March 31, 2023 \$	March 31, 2022 \$
<b>Expenses</b> (Note 13)		
Compensation and benefits	258,879	480,601
Professional fees	77,305	44,076
Investor communications and marketing expenses	55,988	4,008
Director fees	55,500	58,800
Consulting fees	43,549	2,025
Office and administration	40,246	51,195
Transfer agent and regulatory fees	32,743	50,558
Engineering and analysis	-	23,282
Stock-based compensation	553,070	124,279
Operating loss	1,117,280	838,824
Interest and other expenses (Note 14)	738	429
Interest income	(70,629)	(3,182)
<b>Net loss and comprehensive loss</b>	<b>(1,047,389)</b>	<b>(836,071)</b>
<b>Basic and diluted loss per share</b> (Note 7)	<b>\$(0.01)</b>	<b>\$(0.01)</b>

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

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

For the three month periods ended March 31, 2023 and 2022

Unaudited, expressed in Canadian dollars

	Share capital \$	Contributed surplus \$	Retained earnings (Deficit) \$	Shareholders' equity (Deficit) \$
<b>Balance – January 1, 2023</b>	83,739,554	23,178,065	(100,175,809)	6,741,810
Loss for the period	-	-	(1,047,389)	(1,047,389)
Stock-based compensation expense	-	553,070	-	553,070
Stock options exercised	735,205	(299,500)	-	435,705
Conversion of warrants	280,500	(140,302)	-	140,198
Conversion of RSUs	104,449	(104,449)	-	-
<b>Balance – March 31, 2023</b>	<b>84,859,708</b>	<b>23,186,884</b>	<b>(101,223,198)</b>	<b>6,823,394</b>
	Share capital \$	Contributed surplus \$	Retained earnings (Deficit) \$	Shareholders' equity (Deficit) \$
<b>Balance – January 1, 2022</b>	75,641,636	19,247,885	(95,771,206)	(881,685)
Loss for the period	-	-	(836,071)	(836,071)
Private placements – shares and warrants	4,945,890	-	-	4,945,890
Proceeds allocated to warrants	(3,783,154)	3,783,154	-	-
Stock-based compensation expense	-	124,279	-	124,279
Stock options exercised	830,567	(331,467)	-	499,100
Conversion of warrants	388,001	(48,500)	-	339,501
Conversion of DSUs	215,947	(215,947)	-	-
Share issuance costs	(698,589)	297,323	-	(401,266)
<b>Balance – March 31, 2022</b>	<b>77,540,298</b>	<b>22,856,727</b>	<b>(96,607,277)</b>	<b>3,789,748</b>

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Condensed Interim Statements of Cash Flow

For the three months periods ended March 31, 2023 and 2022

Unaudited, expressed in Canadian dollars

	March 31, 2023 \$	March 31, 2022 \$
<b>Operating activities</b>		
Net loss for the period	(1,047,389)	(836,071)
Items not affecting cash:		
Unrealized foreign exchange loss	-	52
Stock-based compensation expense	553,070	124,279
	553,070	124,331
Net change in non-cash working capital items		
Prepaid expenses and other assets	18,047	5,080
Accounts receivable	-	71,629
Accounts payable and accrued liabilities	(94,446)	23,763
Deferred compensation	-	(1,151,576)
	(76,399)	(1,051,104)
Cash used in operating activities	(570,718)	(1,762,844)
<b>Financing activities</b>		
Private placement – shares and warrants	-	4,945,890
Conversion of stock options, RSUs and DSUs	435,705	499,100
Conversion of warrants	140,198	339,448
Equity issue costs	-	(401,266)
Cash provided by financing activities	575,903	5,383,172
<b>Increase in cash and cash equivalents</b>	5,185	3,620,328
<b>Cash and cash equivalents – beginning of period</b>	6,958,336	407,782
<b>Cash and cash equivalents – end of period</b>	6,963,521	4,028,110

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2023 and 2022

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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 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 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 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 months ended March 31, 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, Changes in significant accounting policies. 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 May 29, 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 month periods ended March 31, 2023 and 2022

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Unaudited, expressed in 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 International Accounting Standards Board (“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 recognised 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 Statement 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 period ended March 31, 2022 has been presented in the Statement of Loss and Comprehensive Loss by nature. A reconciliation between the two presentation methods has been provided in Note 13 for comparative period values.



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## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2023 and 2022

Unaudited, expressed in Canadian dollars

### 5. Share capital

There are an unlimited number of common shares without par value authorized for issuance. The movement in the balance of share capital during the periods is as follows:

	March 31, 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	650,000	735,205	4,023,334	4,266,186
Conversion of warrants	467,500	280,500	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)
<b>Balance, end of period</b>	<b>124,116,063</b>	<b>84,859,708</b>	<b>122,798,563</b>	<b>83,739,554</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 ("January 2022 investor warrants") as described further in the 'Warrants' section of this note. Legal, regulatory, and financing costs were incurred totaling \$719,948 relating to this transaction, which are included as equity issue costs in the table above.

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") as described further in the 'Warrants' section of this note. 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.

# CVW CleanTech Inc.

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## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2023 and 2022

Unaudited, expressed in Canadian dollars

### Warrants

The movement in balance of warrants is noted below:

	March 31, 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	(467,500)	(280,500)	(3,146,500)	(742,161)
Expiry of warrants	-	-	(2,523,242)	-
<b>Balance, end of period</b>	<b>12,074,164</b>	<b>5,153,727</b>	<b>12,541,664</b>	<b>4,873,227</b>

In connection with the January 12, 2022 private placement, the Company issued 12,500,000 warrants, with an exercise price of \$0.30 per warrant. These warrants have a term to expiry of four years. The fair value attributed to these warrants totaled \$3,783,154. In conjunction with this private placement, 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.

In connection with the October 19, 2022 private placement, the Company issued 1,166,664 warrants, with an exercise price of \$1.80 per warrant. These warrants have a term to expiry of four years. The fair value attributed to these warrants totaled \$924,581.

In May 2019, the Company issued 3,044,742 warrants ("2019 investor warrants") exercisable at \$1.40 per common share. The term for these instruments 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 fair values attributed to the warrants issued were determined using the Black Scholes option pricing model, with the following inputs:

	October 2022 Investor warrants	January 2022 Investor warrants	Broker warrants	2019 Investor warrants
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

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## Notes to the Condensed Interim Financial Statements

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Unaudited, expressed in Canadian dollars

### 6. 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 Company maintains "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.

A summary of the equity plans is as follows:

	March 31, 2023	December 31, 2022
Equity Award Pool (10% of common shares outstanding)	12,411,606	12,279,856
Less Awards Outstanding:		
Stock Options	(7,585,000)	(8,335,000)
DSUs	(1,018,811)	(1,018,811)
RSUs	(741,248)	(941,248)
Available Pool	3,066,547	1,984,797

At March 31, 2023, an additional 3,066,547 equity instruments could be granted. This includes a maximum of 1,463,510 DSUs, 1,741,073 RSUs or 3,066,547 stock options, (December 31, 2022: 1,437,160 DSUs, 1,514,723 RSUs or 1,984,797 stock options).

#### Stock options

	March 31, 2023		December 31, 2022	
	Number of stock options	Weighted average exercise price \$	Number of stock options	Weighted average exercise price \$
Balance, beginning of period	8,335,000	1.03	3,205,000	0.89
Granted	-	-	9,500,000	0.91
Exercised	(650,000)	0.67	(4,023,334)	0.63
Expired	(100,000)	1.12	(146,666)	0.86
Cancelled/ Forfeited	-	-	(200,000)	1.37
Balance, end of period	7,585,000	1.05	8,335,000	1.03
Options fully vested	2,585,000	0.55	3,335,000	0.60

There were no stock option grants during the three month period ended March 31, 2023.

# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2023 and 2022

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### Unaudited, expressed in Canadian dollars

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 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. An expense of \$553,070 has been recognized during the first quarter of 2023 relating to these options.

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. Stock-based compensation expense recorded during the first quarter of 2022 was \$114,581 relating to these options.

An additional \$9,698 of stock-based compensation expense was recognized in Q1 2022 relating to the vesting of options granted in 2019.

The fair value of the options granted during 2022 was calculated using Monte Carlo simulations. The inputs to the fair value modelling were:

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

# CVW CleanTech Inc.

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## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2023 and 2022

Unaudited, expressed in Canadian dollars

The following table summarizes the options outstanding at March 31, 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 \$
\$0.00 - \$0.99	2,585,000	2.78	0.55	2,585,000	2.78	0.55
\$1.00 to \$1.50	5,000,000	4.47	1.31	-	N/A	N/A
Total	7,585,000	3.89	1.05	2,585,000	2.78	0.55

### Deferred share units

A summary of the DSU activity is as follows:

	Quarter ended March 31, 2023		Year ended 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 period	1,018,811	0.75	1,769,616	0.75
Converted	-	-	(283,002)	0.76
Cancelled	-	-	(467,803)	0.75
<b>Balance, end of period</b>	<b>1,018,811</b>	<b>0.75</b>	<b>1,018,811</b>	<b>0.75</b>

### Restricted share units

A summary of the RSU activity is as follows:

	Quarter ended March 31, 2023		Year ended 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 period	941,248	0.76	1,639,520	0.75
Converted	(200,000)	0.52	(698,272)	0.73
<b>Balance, end of period</b>	<b>741,248</b>	<b>0.82</b>	<b>941,248</b>	<b>0.76</b>

# CVW CleanTech Inc.

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## Notes to the Condensed Interim Financial Statements

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Unaudited, expressed in Canadian dollars

### 7. 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. 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.

	Three months ended March 31, 2023	Three months ended March 31, 2022
Net loss for the period	\$1,047,389	\$836,071
Weighted average number of common shares outstanding	123,529,313	110,602,902
Basic and diluted loss per share	(\$0.01)	(\$0.01)

### 8. 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. The Company's activities and assets are located primarily in Canada.

### 9. Related party transactions

Key management personnel include those persons having authority and responsibility for planning, directing, and controlling the activities of the Corporation as a whole. Compensation to directors and officers of the Company for the periods ended March 31 are indicated below:

	March 31, 2023 \$	March 31, 2022 \$
<b>Corporate Officers</b>		
Compensation and benefits	258,879	480,601
Stock-based compensation	553,070	20,326
	811,949	500,927
<b>Board of Directors</b>		
Director fees	55,500	58,800
Stock-based compensation	-	103,953
	55,500	162,753

# CVW CleanTech Inc.

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## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2023 and 2022

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### Unaudited, expressed in Canadian dollars

Accounts payable and accrued liabilities as at March 31, 2023 included \$75,497 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 first quarter of 2023 were \$30,863 (March 31, 2022 - \$131,855). Of the \$131,855 charged during the period ended March 31, 2022, \$111,616 was captured on the balance sheet as part of share issue costs, and the remainder was classified within professional fees.

### 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, 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.

#### *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, along with the related holdbacks receivable. Cash and cash equivalents are held with Canadian financial institutions with credit ratings no lower than Aa. 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 the project governance, credit quality of participants, reporting requirements to achieve milestones and the fact that all associated contributions have previously been fully collected.

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## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2023 and 2022

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### Unaudited, expressed in Canadian dollars

#### *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 March 31, 2023, the Company had an aggregate cash balance of \$6,963,521 to settle current cash liabilities of \$232,410 (December 31, 2022 - Cash \$6,958,336; liabilities \$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 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 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 shareholders' equity as its capital. At March 31, 2023 the Company had shareholders' equity of \$6,823,394 (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. 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.



# CVW CleanTech Inc.

(Previously Titanium Corporation Inc.)

## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2023 and 2022

Unaudited, expressed in Canadian dollars

### 12. Commitments

A commitment to pay a retention bonus to two Corporate Officers of the Company was agreed to as part of the terms of the January 2022 private placement. There remains a commitment to pay \$100,000 to a Corporate Officer on December 31, 2023, to the extent they are still 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 an annual fee of \$115,000 per annum. The contract is in place until February 2025.

### 13. Presentation of expenses

The Company's operating expenses are presented by nature within the condensed interim statements of loss and comprehensive loss for the period ended March 31, 2023. Prior to January 1, 2023, the Company presented its operating expenses by function.

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

	General and administrative expenses <sup>(1)</sup>							Research and development expenses <sup>(1)</sup>				Other <sup>(1)</sup>	Total expenses	
	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 <sup>(2)</sup>
Compensation and benefits	335,562	-	-	-	657	-	-	336,219	-	144,382	-	144,382	-	480,601
Director's fees	-	58,800	-	-	-	-	-	58,800	-	-	-	-	-	58,800
Consulting fee	-	-	-	2,025	-	-	-	2,025	-	-	-	-	-	2,025
Engineering and analysis	-	-	-	-	-	-	-	-	23,282	-	-	23,282	-	23,282
Investor communications and marketing expenses	-	-	-	-	720	1,242	-	1,962	2,046	-	-	2,046	-	4,008
Office and administration	-	-	-	182	34,413	12,313	-	46,908	4,276	-	-	4,276	11	51,195
Professional fees	-	-	-	36,857	-	-	-	36,857	7,219	-	-	7,219	-	44,076
Transfer agent and regulatory fees	-	-	-	-	-	-	50,558	50,558	-	-	-	-	-	50,558
Stock-based compensation	-	-	109,951	-	-	-	-	109,951	-	-	14,328	14,328	-	124,279
Interest and other expenses	-	-	-	-	726	-	-	726	-	-	-	-	(297)	429
Interest income	-	-	-	-	-	-	-	-	-	-	-	-	(3,182)	(3,182)
Amount as previously reported in Q1 2022	335,562	58,800	109,951	39,064	36,516	13,555	50,558	644,006	36,823	144,382	14,328	195,533	(3,468)	836,071

- Expenses categorized by function as previously presented in the Condensed Interim Statements of Loss and Comprehensive Loss for the period ended March 31, 2022.
- Expenses categorized by nature for the comparative period of the condensed interim statements of loss and comprehensive loss.

### 14. Interest and other expenses

	March 31, 2023	March 31, 2022
	\$	\$
Interest expense and banking charges	727	726
Other expenses (income)	11	(297)
	<u>738</u>	<u>429</u>

# CVW CleanTech Inc.

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## Notes to the Condensed Interim Financial Statements

For the three month periods ended March 31, 2023 and 2022

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**Unaudited, expressed in Canadian dollars**

### **15. Subsequent events**

The Company appointed a new Chief Financial Officer and Corporate Secretary on May 22, 2023. A component of the compensation plan includes awarding the Chief Financial Officer and Corporate Secretary 300,000 stock options. The options will vest after a minimum of 18 months and after attaining certain performance and market-based conditions. The options will have a term of 5 years to expiry and will have an exercise price equal to the closing price of the Company's common shares on the TSX Venture Exchange at the end of the second clear trading following the announcement of the Company's results for the three-month period ended March 31, 2023 (or such later dated as may be required by the Company's policies or applicable securities laws).