CVW Sustainable Royalties Inc.
(Previously CVW CleanTech Inc.)

Financial Statements
Years Ended December 31, 2025 and December 31, 2024

Independent auditor's report

To the Shareholders of CVW Sustainable Royalties Inc.

Our opinion

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of CVW Sustainable Royalties Inc. (previously CVW CleanTech Inc.) (the Company) as at December 31, 2025 and 2024, and its financial performance and its cash flows for the years then ended in accordance with International Financial Reporting Standards as issued by the International Accounting Standards Board (IFRS Accounting Standards).

What we have audited

The Company's financial statements comprise:

- the statements of financial position as at December 31, 2025 and 2024;
- the statements of loss and comprehensive loss for the years then ended;
- the statements of changes in equity for the years then ended;
- the statements of cash flows for the years then ended; and
- the notes to the financial statements, comprising material accounting policy information and other explanatory information.

Basis for opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

PricewaterhouseCoopers LLP
Suncor Energy Centre, 111 5th Avenue South West, Suite 2900
Calgary, Alberta, Canada T2P 5L3
T.: +1 403 509 7500, F.: +1 403 781 1825
Fax to mail: ca_calgary_main_fax@pwc.com

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Independence

We are independent of the Company in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

Key audit matters

Key audit matters are those matters that, in our professional judgment, were of most significance in our audit of the financial statements for the year ended December 31, 2025. These matters were addressed in the context of our audit of the financial statements as a whole, and in forming our opinion thereon, and we do not provide a separate opinion on these matters.

Key audit matter	How our audit addressed the key audit matter
Fair value of royalty debenture as at December 31, 2025 Refer to note 3 – Material accounting policies, note 6 – Royalty debenture and note 14 – Financial instruments and financial risk factors to the financial statements. In 2024, the Company acquired its first royalty debenture. The fair value as at December 31, 2025 was $15.9 million. The royalty debenture carries a coupon rate of 10% for five years. It also includes a conversion feature, whereby pursuant to the achievement of certain production and financial milestones, the Company is entitled to receive recurring royalty payments based on the revenue of the issuer's commercial facilities. At each reporting date, the fair value of the royalty debenture is determined using a discounted cash flow model, taking into consideration observable and unobservable inputs, including significant assumptions over the risk-adjusted discount rate, tonnage of feedstock processed and future commodity prices.	Our approach to addressing the matter included the following procedures, among others: • Tested how management determined the fair value of the royalty debenture as at December 31, 2025, which included the following: – Tested the appropriateness of the discounted cash flow model. – Tested the underlying data used within the discounted cash flow model. – Evaluated the reasonableness of the tonnage of feedstock processed within the model through obtaining contractual support and discussing future commercial plans with the counterparty. – Evaluated the reasonableness of future commodity prices used in the discounted cash flow model through comparison to independent pricing forecasts.

Key audit matter	How our audit addressed the key audit matter
We considered this a key audit matter due to the significant audit effort and subjectivity in performing procedures to test significant assumptions used by management in determining the fair value of the royalty debenture as at December 31, 2025, which involved judgment by management. We were also assisted by professionals with specialized skill and knowledge in the field of valuation.	• With the assistance of professionals with specialized skill and knowledge in the field of valuation, assessed the reasonableness of the risk-adjusted discount rate used within the discounted cash flow model. • Tested the disclosures and sensitivities made within the notes to the financial statements in relation to the royalty debenture.

Other information

Management is responsible for the other information. The other information comprises the Management's Discussion and Analysis.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with IFRS Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Company's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Company or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Company's ability to continue as a going concern. If we conclude that a

material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Company to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.

From the matters communicated with those charged with governance, we determine those matters that were of most significance in the audit of the financial statements of the current period and are therefore the key audit matters. We describe these matters in our auditor's report unless law or regulation precludes public disclosure about the matter or when, in extremely rare circumstances, we determine that a matter should not be communicated in our report because the adverse consequences of doing so would reasonably be expected to outweigh the public interest benefits of such communication.

The engagement partner on the audit resulting in this independent auditor's report is Kory Wickenhauser.

/s/PricewaterhouseCoopers LLP

Chartered Professional Accountants
Calgary, Alberta
April 28, 2026

CVW Sustainable Royalties Inc.

(Previously CVW CleanTech Inc.)

Statements of Financial Position

Expressed in Canadian dollars

	Notes	As at December 31, 2025 $	As at December 31, 2024 $
Assets			
Current assets			
Cash and cash equivalents		4,045,407	5,200,244
Prepaid expenses and other assets		61,697	94,689
Trade and other receivables	4	48,925	63,656
Subscriptions receivable	8	37,500	-
Total current assets		4,193,529	5,358,589
Long-term assets			
Property, plant and equipment	5	9,572	14,899
Royalty debenture	6	15,898,050	14,420,000
Total long-term assets		15,907,622	14,434,899
Total assets		20,101,151	19,793,488
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		599,839	398,802
Current portion of lease liabilities	7	1,766	1,951
Total current liabilities		601,605	400,753
Non-current liabilities			
Lease liabilities	7	598	2,381
Total liabilities		602,203	403,134
Equity			
Share capital	8	106,402,157	102,777,195
Contributed surplus		21,796,117	24,328,901
Shares to be issued	19	170,573	-
Deficit		(108,869,899)	(107,715,742)
Total equity		19,498,948	19,390,354
Total liabilities and equity		20,101,151	19,793,488
Commitments	15		
Subsequent events	19		

Approved by the Board of Directors

(signed) "Darren Morcombe", Director

(signed) "Jennifer Kaufield", Director

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

CVW Sustainable Royalties Inc.

(Previously CVW CleanTech Inc.)

Statements of Loss and Comprehensive Loss

Expressed in Canadian dollars

	Notes	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Change in fair value of royalty debenture	6	1,478,050	435,417
Expenses			
Compensation and benefits		1,482,730	1,351,221
Professional fees		547,270	538,750
Consulting fees		292,568	499,070
Director fees		274,875	191,187
Investor communication and marketing		252,374	252,105
Transfer agent and regulatory fees		223,490	142,120
Office and administration		223,228	223,754
Engineering and analysis		154,474	64,607
Stock-based compensation	9	(571,432)	1,349,646
Amortization	5	8,750	9,307
Total expenses		2,888,327	4,621,767
Operating loss		1,410,277	4,186,350
Interest and other expenses	17	2,785	17,545
Interest and other income	18	(258,905)	(350,857)
Net loss and comprehensive loss		(1,154,157)	(3,853,038)
Basic and diluted loss per share	10	(0.01)	(0.03)

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

CVW Sustainable Royalties Inc.

(Previously CVW CleanTech Inc.)

Statements of Changes in Equity

Expressed in Canadian dollars

	Notes	Share capital $	Contributed surplus $	Shares to be issued $	Deficit $	Total equity $
Balance – January 1, 2024		86,079,458	23,409,252	-	(103,877,148)	5,611,562
Loss for the year ended December 31, 2024		-	-	-	(3,853,038)	(3,853,038)
Private placement – shares	8	16,749,561	-	-	-	16,749,561
Stock-based compensation expense	9	-	1,349,646	-	-	1,349,646
Stock options exercised	9	694,390	(278,036)	-	-	416,354
Conversion of RSUs	9	95,088	(95,088)	-	-	-
Equity issuance costs	8	(841,302)	-	-	-	(841,302)
RSUs settled in cash	9	-	(42,429)	-	-	(42,429)
Reclassification upon settlement of RSUs		-	(14,444)	-	14,444	-
Balance – December 31, 2024		102,777,195	24,328,901	-	(107,715,742)	19,390,354

	Notes	Share capital $	Contributed surplus $	Shares to be issued $	Deficit $	Total equity $
Balance – January 1, 2025		102,777,195	24,328,901	-	(107,715,742)	19,390,354
Loss for the year ended December 31, 2025		-	-	-	(1,154,157)	(1,154,157)
Stock-based compensation expense	9	-	(571,432)	-	-	(571,432)
Stock options exercised	9	95,550	(39,200)	-	-	56,350
Warrants exercised	8	3,211,902	(1,604,642)	-	-	1,607,260
Conversion of RSUs	9	57,119	(57,119)	-	-	-
Conversion of DSUs	9	260,391	(260,391)	-	-	-
Shares to be issued	19	-	-	170,573	-	170,573
Balance – December 31, 2025		106,402,157	21,796,117	170,573	(108,869,899)	19,498,948

CVW Sustainable Royalties Inc.

(Previously CVW CleanTech Inc.)

Statements of Cash Flows

Expressed in Canadian dollars

	Notes	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Operating activities			
Net loss for the year		(1,154,157)	(3,853,038)
Items not affecting cash:			
Change in fair value of royalty debenture	6	(1,478,050)	(435,417)
Stock-based compensation	9	(571,432)	1,349,646
Amortization	5	8,750	9,307
Interest on lease liabilities	17	325	507
Total items not affecting cash		(2,040,407)	924,043
Cash received from royalty debenture	6	-	15,417
Net change in non-cash working capital items			
Accounts payable and accrued liabilities		201,037	(274,914)
Prepaid expenses and other assets		32,991	(40,117)
Trade and other receivables		14,731	153,147
Total net change in non-cash working capital items		248,759	(161,884)
Cash used in operating activities		(2,945,805)	(3,075,462)
Investing activities			
Purchase of property, plant and equipment	5	(3,423)	(8,099)
Purchase of royalty debenture	6	-	(14,000,000)
Cash used in investing activities		(3,423)	(14,008,099)
Financing activities			
Warrants exercised	8	1,607,260	-
Shares to be issued	19	170,573	-
Stock options exercised	9	56,350	416,354
Private placement – shares	8	-	16,749,561
RSUs settled in cash	9	-	(42,429)
Equity issuance costs	8	-	(841,302)
Subscriptions receivable	8	(37,500)	-
Payment of lease liabilities	7	(2,292)	(1,719)
Cash provided by financing activities		1,794,391	16,280,465
Decrease in cash and cash equivalents		(1,154,837)	(803,096)
Cash and cash equivalents – beginning of year		5,200,244	6,003,340
Cash and cash equivalents – end of year		4,045,407	5,200,244

1. Reporting entity and nature of operations

CVW Sustainable Royalties Inc. ("CVW Royalties" or the "Company") is a royalty platform seeking to build a portfolio of cash flow streams utilizing royalty and royalty-like structures on assets and technologies engaged in the sustainable production of commodities and commodity-like products. The Company expects to achieve this by partnering with companies that have developed specific technologies or are engaged in developing and operating assets. The Company can also generate long-term cash flows from its internally developed suite of technologies called Creating Value from Waste™ ("CVW™") that can recover bitumen, solvents, critical minerals, and water from oil sands froth treatment tailings while significantly reducing their emissions and enhancing tailings management. The Company does not have any subsidiaries. In July 2025, CVW CleanTech Inc. amended its articles of incorporation and changed its name to CVW Sustainable Royalties Inc.

The Company's principal business office is located at suite 305, 505 8th Avenue SW, Calgary, Alberta, T2P 1G2, while the registered office is located at suite 1601, 110 Yonge Street, Toronto, Ontario, M5C 1T4. The Company's common shares are listed on the TSX Venture Exchange ("TSXV") under the ticker symbol "CVW". The Company's shares are also quoted on the OTCQX under the symbol "CVWFF", and on the Frankfurt Stock Exchange under the symbol "TMD".

2. Basis of presentation

The financial statements of the Company have been prepared in accordance with International Financial Reporting Standards ("IFRS Accounting Standards"). These financial statements were approved by the Board of Directors on April 28, 2026.

These financial statements are presented in Canadian dollars, which is the Company's functional currency.

3. Material accounting policies

a. Measurement basis

These financial statements have been prepared on a historical cost basis, except for certain equity and financial 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 expectations of future events, as believed to be reasonable under the circumstances. The resulting accounting estimates will, by definition, seldom equal the actual results. Management considers the following areas to be those where critical accounting policies affect the significant estimates and judgements used in the preparation of the Company's financial statements.

i. Royalty debenture

During the year 2024, the Company acquired and classified a royalty debenture as a financial asset measured at fair value through profit and loss ("FVTPL"). The cash flows associated with the royalty debenture do not meet the IFRS definition of solely payments of principal and interest. As a result, it has been classified as a financial asset measured at FVTPL in accordance with IFRS Accounting Standards. The royalty debenture carries a coupon rate of 10%, payable semi-annually, with principal and any capitalized interest due at the end of five years unless converted in accordance with its conversion feature. Pursuant to the achievement of certain production and financial milestones, upon conversion of the royalty debenture, the Company is entitled to receive recurring royalty payments based on revenues of the issuer's commercial facilities. The royalty debenture was initially recorded at fair value and is subsequently remeasured at fair value at each reporting date.

At each reporting date, the fair value of the royalty debenture is determined by using a discounted cash flow model, taking into consideration observable and unobservable inputs, including significant assumptions over the risk-adjusted discount rate, tonnage of feedstock to be processed, and future commodity prices.

Interest is due to CVW Royalties (whether paid in cash or capitalized) on a semi-annual basis in March and September until conversion. Until notice is received otherwise on a semi-annual basis, interest will be capitalized within CVW Royalties' financial statements. Any capitalized interest will be added to the value of the royalty debenture and any future payments will be credited against the royalty debenture. Additional details on the royalty debenture can be found in Note 6 and Note 14.

ii. Stock options

The stock-based compensation expense for stock options with time-based vesting is based upon the estimated fair value of those instruments at the time of the grant using the Black-Scholes option pricing model. The stock-based compensation expense for stock options with market and non-market based performance criteria are based upon the estimated fair value of those instruments at the time of grant using Monte Carlo simulations.

Measurement inputs to the Black-Scholes model and the Monte Carlo simulations include the share price on measurement date, exercise price, expected volatility, expected life, expected dividends, and risk-free interest rate. Significant estimates and assumptions are used in determining these inputs. Changes to the assumptions could have a significant impact on the amounts recognized for stock-based compensation.

Where a stock option grant includes non-market performance criteria as vesting conditions, the number of awards expected to vest is considered at each reporting date. Significant judgement is used to determine the likelihood the specific non-market performance criteria will be achieved.

iii. Warrants

The value attributed to warrants is estimated at the grant date using the Black-Scholes model. Measurement inputs to the Black-Scholes model include the share price on grant date, exercise price, expected volatility, expected life, expected dividends, and the risk-free interest rate for the expected life of the warrant. Significant estimates and assumptions are used and changes to the assumptions could have a significant impact on the value attributed to warrants.

c. Property, plant and equipment

Property, plant and equipment is recorded at cost, less accumulated amortization and accumulated impairment losses. Cost includes expenditures that are directly attributable to the acquisition of the asset and to prepare the asset for its intended use. Amortization is recorded on a straight-line basis for each asset class using the following useful lives:

- Computer Hardware – 2 years
- Office Equipment – 4 years
- Office Premises – initial lease term

Useful lives and residual values are reviewed at each reporting date and adjusted, if appropriate.

d. Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and bank balances net of outstanding cheques which have not cleared the bank at year end.

e. Internally generated intangible assets and research and development expenditures

Expenditures on research activities are recognized as an expense in the period in which they are incurred. Development costs are also expensed in the period incurred unless the Company believes these development projects meet generally accepted criteria for capitalization and amortization under IAS 38 Intangible Assets. The six criteria considered before capitalizing development costs include:

- Ability to demonstrate technical feasibility to complete the asset so that it will be available for use or sale;
- Demonstrated intention to complete the asset and use or sell it;
- The ability to use or sell the asset;
- Ability to demonstrate that the asset will generate probable future economic benefits, including the existence of a market or the usefulness of the asset if it is to be used internally;
- The Company can access adequate technical, financial and other resources to complete the development for use or sale of the asset; and
- The Company has the ability to readily measure expenditures attributable to the intangible asset.

f. Government assistance

Government grants and funding assistance are recognized when there is reasonable assurance that the Company will be able to comply with conditions in the respective contribution agreements and when there is reasonable assurance the funds will be received. The amounts are presented net of the associated expenditures.

For multi-year grants with milestone-based payments, final holdbacks are recognized once the related project is complete, the Company has fulfilled the funding conditions, an application for release has been submitted, and there is reasonable assurance of collection.

g. Income taxes

The Company follows the liability method of accounting for income taxes. Under this method, income tax liabilities and assets are recognized for the estimated tax consequences attributable to differences between the amounts reported in the financial statements and their respective tax bases, using enacted or substantively enacted income tax rates. The effect of a change in income tax rates on deferred income tax liabilities and assets is recognized in income in the period in which the change is substantively enacted.

Deferred tax assets are recognized to the extent that future taxable income will be available against which temporary differences can be utilized.

h. *Share capital*

Common shares are classified as equity. Incremental costs directly attributable to the issue of common shares and warrants are recognized as a deduction from shareholders' equity, net of any tax effects.

Warrants are considered financial instruments classified as equity and are measured at fair value upon issuance. On exercise, the cash consideration received by the Company and the associated carrying value of the warrants are recorded as share capital.

Where the Company is in the process of issuing shares of the Company, if the shares have not been legally issued, any cash received is classified as equity and disclosed separately in the Statements of Financial Position and Statements of Changes in Equity as shares to be issued. Where shares have been granted however payment remains in transit as at the reporting date, the Company recognizes subscriptions receivable in the Statements of Financial Position, with a corresponding increase in share capital.

i. *Equity-based compensation*

The Company has several equity-based compensation instruments which include stock options, restricted share units ("RSUs") and deferred share units ("DSUs"). The Company may issue these as part of its incentive program managed by the Equity Incentive Plan ("EIP").

i. *Stock options*

The fair value of stock options is recognized as stock-based compensation over the vesting period, with a corresponding increase in contributed surplus. On exercise, the cash consideration received by the Company and the contributed surplus are recorded as share capital.

ii. *DSUs*

DSUs vest immediately upon grant and are settled with the issuance of one common share for one DSU when a director's service ceases. The expense for DSUs awarded is based on the fair value at the time the award is granted. The fair value means, at any date, the higher of (i) the weighted average price per share at which the common shares have traded on the TSXV during the last five trading days prior to the relevant date and (ii) the closing price of the common shares on the date prior to the relevant date. The expense is recognized in the Statements of Loss and Comprehensive Loss with a corresponding increase to contributed surplus within the Statements of Changes in Equity. Upon redemption, the fair value of the award is reclassified from contributed surplus to share capital.

iii. *RSUs*

The vesting schedule for RSU awards is specified by the Board of Directors on the grant date. Once the award is vested, the RSU can be settled, at the option of the holder, with the issuance of one common share in exchange for one RSU. The expense for RSUs awarded is based on the fair value of the award at the time of grant and amortized over the specified vesting period. The fair value means, at any date, the higher of (i) the weighted average price per share at which the common shares have traded on the TSXV during the last five trading days prior to the relevant date and (ii) the closing price of the common shares on the date prior to the relevant date. The expense is recognized in the Statements of Loss and Comprehensive Loss with a corresponding increase to contributed surplus within Statements of Changes in Equity. Upon redemption, the fair value of the award is reclassified from contributed surplus to share capital.

j. Financial instruments

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

The Company recognizes a financial asset or financial liability on the Statements of Financial Position when it becomes party to the contractual provisions of the financial instrument. Financial assets are initially measured at fair value and are derecognized either when the Company has transferred substantially all the risks and rewards of ownership of the financial asset, or when cash flows expire. Financial liabilities are initially measured at fair value and are derecognized when the obligation specified in the contract is discharged, cancelled, or expired. An impairment of a financial asset (or a portion thereof) constitutes a derecognition event. Write-off occurs when the Company has no reasonable expectation of recovering the contractual cash flows of a financial asset. 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.

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

- 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).

i. Classification and measurement

The Company classifies its financial assets in the following categories: at FVTPL, at fair value through other comprehensive (loss) income ("FVOCI"), 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. Financial liabilities are measured at amortized cost, unless they are required to be measured at FVTPL or where the Company has opted to measure them at FVTPL.

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

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 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 Statements of Loss 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.

The Company records all changes in fair value of the royalty debenture in the Statements of Loss and Comprehensive Loss.

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.

ii. Impairment of financial assets and liabilities

Financial assets at amortized cost
Financial assets measured at amortized cost are assessed at each reporting date using an expected credit loss model ("ECL") to determine whether the financial asset is impaired. The Company applies the simplified approach to providing for ECLs prescribed by IFRS 9, which permits the use of a lifetime expected loss provision for all financial assets at amortized cost. A combination of historical and forward-looking information is used to determine the appropriate loss allowance provisions. ECLs are a probability-weighted estimate of all possible default events over the expected life of the financial asset which is based on credit quality since initial recognition of the financial asset.

Financial liabilities
The Company has the following non-derivative financial liabilities: accounts payable and accrued liabilities. Such financial liabilities are classified as other liabilities and are initially measured at fair value less any directly attributable transaction costs. Subsequent to initial recognition, these financial liabilities are measured at amortized cost using the effective interest method.

k. Revenue recognition

Revenue includes income earned from royalty or other interests. Revenue is measured at the fair value of the consideration received or receivable when management can reliably estimate the amount pursuant to the terms of an agreement. In some instances, the Company may 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 year that the actual amounts are known. Revenue is recognized on an accrual basis.

l. Earnings (loss) per share

The Company presents basic and diluted earnings (loss) per share ("EPS") data for its common shares. Basic EPS is calculated by dividing the profit or loss attributable to common shareholders of the Company by the weighted average number of common shares outstanding during the year. Diluted EPS is determined by adjusting the profit or loss attributable to shareholders and the weighted average number of common shares outstanding, for the effects of all potentially dilutive common shares. The Company's potentially dilutive common shares comprise outstanding equity-based awards and warrants. The number of common shares included with respect to equity awards and warrants are computed using the treasury stock method.

Expressed in Canadian dollars

m. New accounting standards and interpretations not yet adopted

Financial instruments

On May 30, 2024, the IASB issued amendments to IFRS 9, "Financial Instruments", and IFRS 7, "Financial Instruments: Disclosures". The amendments include clarifications on the derecognition of financial liabilities and the classification of certain financial assets. In addition, new disclosure requirements for equity instruments designated as FVOCI were added. The amendments are effective for annual periods beginning on or after January 1, 2026, and will be applied retrospectively.

This amendment is not expected to have a material impact on the entity in the current or future reporting periods.

Presentation and disclosure in financial statements

On April 9, 2024, the IASB issued IFRS 18, "Presentation and Disclosure in Financial Statements", which will replace IAS 1, "Presentation of Financial Statements". IFRS 18 introduces a revised structure for the statement of profit or loss, requiring income and expenses to be classified into three defined categories (operating, investing and financing) and requiring the presentation of two new defined subtotals: operating profit and profit before financing and income taxes. The standard also introduces new disclosure requirements for management-defined performance measures ("MPMs"), being subtotals of income and expenses used in public communications outside the financial statements to communicate management's view of the Company's financial performance, together with a reconciliation of each MPM to the most directly comparable subtotal specified by IFRS Accounting Standards. IFRS 18 further introduces enhanced requirements regarding the aggregation and disaggregation of information in both the primary financial statements and the notes.

IFRS 18 also results in consequential amendments to other standards, including IAS 7 Statement of Cash Flows, IAS 8 Accounting Policies, Changes in Accounting Estimates and Errors, IAS 33 Earnings per Share and IAS 34 Interim Financial Reporting.

IFRS 18 is effective for annual reporting periods beginning on or after January 1, 2027, with earlier application permitted. The standard is to be applied retrospectively in accordance with IAS 8, with certain transition reliefs, and requires a reconciliation between the restated comparative amounts and the amounts previously presented under IAS 1. The Company does not intend to early adopt IFRS 18.

The Company is currently assessing the impact of adopting IFRS 18. While the standard is not expected to affect the recognition or measurement of items in the financial statements, or the Company's reported net income (loss), it is expected to result in changes to the presentation of the Statements of Comprehensive Income (Loss) and to the Company's note disclosures.

4. Trade and other receivables

	December 31, 2025 $	December 31, 2024 $
GST receivable	27,925	63,656
Other receivables	21,000	-
Total	48,925	63,656

Other receivables include due diligence costs incurred by the Company in connection with the evaluation of potential royalty investments, which are invoiced to and recoverable from the respective counterparties.

Expressed in Canadian dollars

5. Property, plant and equipment

	Company Owned Assets		Right-of-Use Assets	
	Computer Hardware/ Software $	Office Equipment $	Office Premises $	Total $
Cost – January 1, 2024	9,844	5,356	5,835	21,035
Additions	6,080	2,019	-	8,099
Cost – December 31, 2024	15,924	7,375	5,835	29,134
Additions	1,584	1,839	-	3,423
Cost – December 31, 2025	17,508	9,214	5,835	32,557
Accumulated amortization – January 1, 2024	4,429	207	292	4,928
Amortization	6,107	1,449	1,751	9,307
Accumulated amortization – December 31, 2024	10,536	1,656	2,043	14,235
Amortization	4,696	2,304	1,750	8,750
Accumulated amortization – December 31, 2025	15,232	3,960	3,793	22,985
Net book value – December 31, 2024	5,388	5,719	3,792	14,899
Net book value – December 31, 2025	2,276	5,254	2,042	9,572

6. Royalty debenture

On August 7, 2024 the Company announced that it had entered into a royalty transaction with Northstar Clean Technologies Inc. ("Northstar"). Upon announcement of the transaction, the Company purchased a $1,500,000 initial debenture carrying a 10% coupon payable semi-annually with a 5-year term. The transaction closed on September 13, 2024, at which time the Company purchased a five-year $14,000,000 royalty debenture, which replaced the initial debenture that was previously purchased.

The royalty debenture has a 10% coupon rate, payable semi-annually, and is convertible into a revenue royalty on Northstar's next two facilities beyond the Calgary facility. Northstar may, at its sole discretion, capitalize the coupon payable on the royalty debenture for the first three years of its term. Pursuant to the achievement of certain production and financial milestones, upon conversion of the royalty debenture, the Company is entitled to receive recurring royalty payments based on revenues at Northstar's second and third commercial facilities. In the event that certain production and financial milestones are not met, the Company may elect to convert the debenture into a royalty interest on Northstar's Calgary facility or be repaid the full value of the royalty debenture at maturity. The table below summarizes the changes in fair value of the royalty debenture.

	December 31, 2025 $	December 31, 2024 $
Balance, beginning of year	14,420,000	-
Purchased during the year	-	14,000,000
Change in fair value of royalty debenture	1,478,050	435,417
Cash received during the year	-	(15,417)
Balance, end of year	15,898,050	14,420,000

Expressed in Canadian dollars

The fair value of the royalty debenture is estimated using a discounted cash flow model taking into consideration the following observable and non-observable inputs:

- Management's estimate of tonnage of feedstock to be processed;
- Future commodity prices;
- Discount rate;
- Timing of the exercise of the royalty conversion feature, and
- Accretion due to the passage of time.

Significant assumptions used within the discounted cash flow model are discussed further in Note 14.

During 2024, the Company earned coupon interest of $435,417 of which $15,417 was collected upon cancellation of the initial debenture. The Company earned coupon interest of $1,478,050 during the year ended December 31, 2025. In March 2025, Northstar provided notice of its decision to capitalize the coupon on the royalty debenture for the period from September 13, 2024, to March 12, 2025. As a result, the accrued coupon amounting to $700,000 was added to the principal balance of the royalty debenture. In September 2025, Northstar provided notice of its decision to capitalize the coupon on the royalty debenture for the period from March 13, 2025 to September 12, 2025. As a result, the accrued coupon amounting to $735,000 was added to the principal balance of the royalty debenture for a total principal balance of $15,435,000 as at September 12, 2025.

50.0% of the principal balance will automatically convert into a revenue royalty on Northstar's second commercial facility and the remaining balance will automatically convert into a revenue royalty on Northstar's third commercial facility (upon each facility reaching certain thresholds). The principal balance (including accrued and unpaid interest) will convert into a revenue royalty at a conversion ratio of 1.7143% royalty interest for each $1,000,000 of principal converted. Accordingly, using the conversion ratio of 1.7143% per $1,000,000 of principal, the Company's royalty rate is 13.2% per facility as at the date of these financial statements.

7. Lease liabilities

The Company currently has leased office space in Calgary.

	December 31, 2025 $	December 31, 2024 $
Payments due no later than one year	2,293	2,293
Payments due later than one year and no later than three years	191	2,483
Total minimum lease payments	2,484	4,776
Less: interest portion at an interest rate of 10%	120	444
Total lease liabilities	2,364	4,332
Less: current portion	1,766	1,951
Long-term portion	598	2,381

Expressed in Canadian dollars

8. Share capital

	December 31, 2025 Common shares	December 31, 2025 Amount $	December 31, 2024 Common shares	December 31, 2024 Amount $
Balance, beginning of year	144,874,691	102,777,195	125,591,635	86,079,458
Warrants exercised	5,274,166	3,211,902	-	-
Conversion of DSUs	337,778	260,391	-	-
Stock options exercised	122,500	95,550	592,433	694,390
Conversion of RSUs	88,027	57,119	80,000	95,088
Private placement – shares	-	-	18,610,623	16,749,561
Equity issue costs	-	-	-	(841,302)
Balance, end of year	150,697,162	106,402,157	144,874,691	102,777,195

On September 6, 2024, CVW Royalties completed a private placement of common shares ("September 2024 Offering"). Pursuant to the September 2024 Offering, 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 relating to this transaction totaled $841,302, which are included as equity issue costs in the table above.

In 2025, the Company issued 5,822,471 shares as a result of exercise of stock options and warrants, and the redemption of DSUs and RSUs. During 2024, the Company issued 672,433 shares as a result of exercise of stock options and the conversion RSUs.

Warrants

	December 31, 2025 Number of Warrants	December 31, 2025 Amount $	December 31, 2024 Number of Warrants	December 31, 2024 Amount $
Balance, beginning of year	11,824,164	4,657,925	11,824,164	4,657,925
Warrants exercised	(5,274,166)	(1,604,651)	-	-
Balance, end of year	6,549,998	3,053,274	11,824,164	4,657,925

During the year ended December 31, 2025, 5,274,166 warrants were exercised for proceeds of $1,607,260 (year ended December 31, 2024 – nil). The following table summarizes the key assumptions used in the valuation of warrants outstanding as at December 31, 2025:

	October 19, 2022 Investor Warrants	January 12, 2022 Investor Warrants
Risk free interest rate	3.58%	1.36%
Term to expiry	4 years	4 years
Expected life	4.0	4.0
Expected volatility	100%	100%
Fair value per warrant	$0.79	$0.30

9. Equity-based compensation

The Company uses its EIP to encourage ownership of common shares and to align the interests of its directors, officers, employees, and consultants with the longer-term interests of Company shareholders. The EIP is designed to advance the

Expressed in Canadian dollars

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 the EIP 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.

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

	December 31, 2025	December 31, 2024
Equity award pool (10% of common shares outstanding)	15,069,716	14,487,469
Less awards outstanding:		
Stock options	(10,590,081)	(7,956,099)
DSUs	(32,961)	(370,739)
RSUs	(2,014,399)	(1,636,080)
Available pool	2,432,275	4,524,551

At December 31, 2025, an additional 2,432,275 equity instruments (December 31, 2024 - 4,524,551) could be granted in the form of either stock options, DSUs and/or RSUs.

Stock options

	December 31, 2025		December 31, 2024	
	Number of stock options	Weighted average exercise price $	Number of stock options	Weighted average exercise price $
Balance, beginning of year	7,956,099	1.06	8,032,500	1.07
Granted	2,756,482	0.86	1,399,692	0.78
Exercised	(122,500)	0.46	(592,433)	0.70
Cancelled / Forfeited	-	-	(850,000)	0.93
Expired	-	-	(33,660)	0.80
Balance, end of year	10,590,081	1.02	7,956,099	1.06

On February 5, 2024, 1,099,692 stock options were granted to Company employees, 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. During the year ended December 31, 2025, upon meeting the required market-based conditions, 167,212 stock options from the February 2024 tranche 2 were vested. The stock-based compensation expense relating to the unvested February 2024 tranche 2 options grant is being recognized over 22 months from the grant date, based on 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 year ended December 31, 2024. 33,660 of these options expired without being exercised.

On March 19, 2024, 300,000 stock options were granted to an employee 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 stock options is being recognized over 21 to 43 months from the grant date, based on management's estimate of the date that the non-market performance criteria will be satisfied.

Expressed in Canadian dollars

On March 21, 2025, 1,856,482 stock options were granted to Company employees, with an exercise price of $0.84 and a term of five years to expiry. These stock options vest in two tranches. 1,225,278 options ("March 2025 tranche 1") vest over a period of three years from the grant date. The stock-based compensation expense for the March 2025 tranche 1 stock options is being recognized over the vesting period of three years from the grant date. The remaining 631,204 stock options ("March 2025 tranche 2") will vest after attaining certain market-based conditions. During the year ended December 31, 2025, upon meeting the required market-based conditions, 315,602 stock options were vested. The stock-based compensation expense relating to the remaining unvested March 2025 tranche 2 stock options is being recognized over a period of 27 months from the grant date, based on management's estimate of the dates that the market-based conditions will be satisfied.

On March 21, 2025, 400,000 stock options ("March 2025 entrance options") were granted to employees of the Company with an exercise price of $0.84 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 vesting conditions. The stock-based compensation expense relating to the March 2025 entrance options is being recognized over periods ranging from 24 to 30 months, based on management's estimate of the date that the market-based performance criteria will be satisfied.

On September 8, 2025, 500,000 stock options ("September 2025 options") were granted to a director of the Company with an exercise price of $0.97 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 vesting conditions. The stock-based compensation expense relating to the September 2025 options is being recognized over periods ranging from 26 to 31 months, based on management's estimate of the date that the market-based performance criteria will be satisfied.

The fair values of the stock options granted during 2025 and 2024 were calculated using the following assumptions:

Option grant date	**Sept. 8, 2025**	**March 21, 2025**	**March 21, 2025 tranche 1**	**March 21, 2025 tranche 2**	**March 19, 2024**	**February 5, 2024 tranche 1**	**February 5, 2024 tranche 2**
Valuation method	Monte Carlo	Monte Carlo	Black-Scholes	Monte Carlo	Monte Carlo	Black-Scholes	Monte Carlo
Risk free interest rate	2.77%	2.66%	2.66%	2.66%	3.57%	3.60%	3.60%
Term to expiry	5 years	5 years	5 years	5 years	5 years	5 years	5 years
Expected life	5.0	5.0	5.0	5.0	5.0	5.0	5.0
Expected volatility	62.4%	75%	75%	75%	87%	86%	86%
Number of stock options	500,000	400,000	1,225,278	631,204	300,000	725,796	373,896
Fair value per option	$0.52	$0.51	$0.43	$0.53	$0.39	$0.50	$0.50

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

Expressed in Canadian dollars

The following table summarizes the stock options outstanding as at December 31, 2025:

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 of exercisable stock options (years)	Weighted average exercise price of exercisable stock options $
$0.46 - $0.69	1,250,000	1.05	0.46	1,250,000	1.05	0.46
$0.70 - $0.93	3,840,081	3.72	0.83	699,206	3.60	0.82
$0.94 - $1.35	5,500,000	1.98	1.28	-	N/A	N/A
Total	10,590,081	2.50	1.02	1,949,206	1.97	0.59

Deferred share units

	December 31, 2025		December 31, 2024	
	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	370,739	0.77
Converted	(337,778)	0.77	-	-
Balance, end of year	32,961	0.74	370,739	0.77

During the year ended December 31, 2025, 337,778 DSUs were converted (year ended December 31, 2024 – nil). No DSUs were granted during the year ended December 31, 2025, or the year ended December 31, 2024.

Restricted share units

	December 31, 2025		December 31, 2024	
	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	1,636,080	0.75	741,248	0.82
Granted	466,346	0.84	1,047,747	0.73
Converted	(88,027)	0.65	(80,000)	1.19
Cancelled	-	-	(72,915)	0.73
Balance, end of year	2,014,399	0.77	1,636,080	0.75

During the year ended December 31, 2025, the Company granted 466,346 RSUs (year ended December 31, 2024 – 1,047,747). During the year ended December 31, 2025, 88,027 RSUs were converted (year ended December 31, 2024 – 80,000). During the year ended December 31, 2024, 72,915 RSUs were cancelled and settled in cash.

Expressed in Canadian dollars

10. Basic and diluted loss per share

	Year ended December 31, 2025	Year ended December 31, 2024
Net loss	1,154,157	3,853,038
Weighted average number common shares outstanding	145,666,808	131,644,790
Basic and diluted loss per share	$0.01	$0.03

The effect of all outstanding warrants, 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. Income taxes

The tax recovery on the Company's loss before tax differs from the theoretical amount that would arise using the weighted average tax rate applicable to losses of the entity as follows:

	December 31, 2025 $	December 31, 2024 $
Net loss before income taxes	(1,154,157)	(3,853,038)
Tax recovery calculated at statutory rates applicable to loss 23%	(265,456)	(886,199)
Change in temporary differences for which no deferred income tax asset was recognized	392,069	569,800
Stock-based compensation expense not deductible for tax purposes	(131,429)	310,419
Other expenses not deductible for tax purposes	4,816	5,980
Income tax expense or recovery	-	-

The components of the unrecognized deferred tax asset are as follows:

	December 31, 2025 $	December 31, 2024 $
Capital assets (tangible and intangible)	5,000	3,000
Scientific Research & Experimental Development expenditures (SR&ED)	4,148,000	4,170,000
Deferred financing costs	139,000	202,000
Capital and non-capital losses	11,968,000	11,580,000
Balance, end of year	16,260,000	15,955,000
Deferred tax asset not recognized	(16,260,000)	(15,955,000)
Net deferred tax asset	-	-

Deferred income tax assets are recognized for loss carry-forwards and other deductible temporary differences to the extent that the realization of the related tax benefit through future taxable profits is probable. Based on this test, the Company did not recognize deferred income tax assets of $16,260,000 (December 31, 2024 – $15,955,000) in respect of tax losses and other deductible temporary differences amounting to $70,440,000 (December 31, 2024 – $69,084,000) that can be carried forward and used to reduce future taxable income.

Expressed in Canadian dollars

The Company has $52,037,000 (December 31, 2024 - $50,338,000) in non-capital losses available to offset future taxable income. The amounts expire between 2027 and 2045. The gross amount of non-refundable investment tax credits available to offset taxable income at December 31, 2025 is $18,173,000 (December 31, 2024 - $18,283,000). These amounts expire between 2025 and 2043.

12. Segment information

The Company considers its Board of Directors as the Chief Operating Decision Maker ("CODM"). As at December 31, 2025, the Company's CODM has identified a single reporting segment engaged in the generation of royalties through its proprietary CVW™ technology and other technologies. The amounts disclosed in the financial statements represent those of the single reporting unit. All the Company's activities and assets are located in Canada.

13. 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 year ended December 31, 2025 and 2024 is indicated below:

Corporate insiders

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Compensation and benefits	1,482,730	1,351,221
Consulting fees	78,092	201,730
Stock-based compensation	(605,848)	1,349,646
Total	954,974	2,902,597

Board of Directors

	Year ended December 31, 2025 $	Year ended December 31, 2024 $
Director fees	274,875	191,187
Stock-based compensation	34,416	-
Total	309,291	191,187

Accounts payable and accrued liabilities as at December 31, 2025 included $31,932 payable to corporate insiders and directors (December 31, 2024 - $104,447).

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 year ended December 31, 2025 were $2,268 (December 31, 2024 - $15,862).

Expressed in Canadian dollars

14. Financial instruments and financial risk factors

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

	Level 1 $	Level 2 $	Level 3 $	Total $
Fair value measurement as at December 31, 2025				
Royalty debenture	-	-	15,898,050	15,898,050
Fair value measurement as at December 31, 2024				
Royalty debenture	-	-	14,420,000	14,420,000

As at December 31, 2025 and December 31, 2024, the Company estimates that both the carrying and fair value amounts of the Company's financial instruments other than the royalty debenture 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 the royalty debenture is calculated using the following level 3 assumptions:

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 cash flow model	Key unobservable inputs (level 3) - Tonnage of feedstock to be acquired and processed - Future commodity prices - Risk-adjusted discount rate	The estimated fair value would increase (decrease) if: - The tonnage of feedstock processed increased (decreased) - Future commodity prices increased (decreased) - Risk-adjusted discount rate decreased (increased)

The following table summarizes the range of significant unobservable inputs used to determine the fair value of the royalty debenture:

Significant Unobservable Inputs	Range of Significant Unobservable Inputs for the Royalty Debenture	
	Year ended December 31, 2025	Year ended December 31, 2024
Tonnage of feedstock to be processed	An average of 40,000 tonnes of feedstock processed annually at each facility	An average of 40,000 tonnes of feedstock processed annually at each facility
Future commodity prices	Western Canadian Select oil price ranging from $65/bbl to $107/bbl over the next 20 years	Western Canadian Select oil price ranging from $78/bbl to $122/bbl over the next 20 years
Risk-adjusted discount rate	12.5% per annum	12.5% per annum

Expressed in Canadian dollars

The following table presents the potential impact to the Company's net income to changes in the unobservable inputs noted above:

		Net income and comprehensive income - Year ended December 31, 2025	
	Movement vs the model input	Increase	Decrease
Feedstock to be processed	Increase / decrease by 10%	682,786	524,331
Future commodity prices	Increase / decrease by 10%	1,002,228	843,773
Risk-adjusted discount rate	Decrease / increase by 1.25%	1,737,802	1,361,277

		Net income and comprehensive income - Year ended December 31, 2024	
	Movement vs the model input	Increase	Decrease
Feedstock to be processed	Increase / decrease by 10%	1,330,102	1,189,883
Future commodity prices	Increase / decrease by 10%	954,233	788,814
Risk-adjusted discount rate	Decrease / increase by 1.25%	1,661,864	1,283,573

During the year ended December 31, 2025, there were no significant changes in the assumptions used to determine the fair value of the royalty debenture as compared to December 31, 2024.

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 and diligence costs, other receivables, and coupon payments on its royalty debenture. Cash and cash equivalents are held with Canadian financial institutions with credit rating of Aa or higher. Management believes that the credit risk concentration with respect to cash is minimal. The Company mitigates the credit risk associated with the recovery of diligence costs by requiring upfront retainers, performing comprehensive commercial assessments of counterparties prior to incurring third-party costs, and, where appropriate, structuring reimbursement terms contractually with defined payment milestones and rights of recovery. 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 ensures 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 and commercialization of its CVW™ technology. As at December 31, 2025, the Company had an aggregate cash balance of $4,045,407 to settle current liabilities of $601,605 (December 31, 2024 - Cash $5,200,244; current liabilities $400,753). 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 cause 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.

15. Commitments

As at December 31, 2025 the Company is committed to the following future payments:

	Less than 1 year $	1 – 2 Years $	3 - 5 Years $
Accounts payable and accrued liabilities	599,839	-	-
Lease liabilities	2,293	191	-
Total commitments	602,132	191	-

In addition to what has been recorded within the Statements of Financial Position, the Company is committed to future payments amounting to $13,000 which are payable within one year.

16. Capital management

The Company considers its equity as its capital. At December 31, 2025, the Company had total equity of $19,498,948 (December 31, 2024 – $19,390,354). The Company does not have any bank debt or externally imposed capital requirements. As at December 31, 2025, 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; to access available funding for commercialization of CVW™; and to support due diligence activities and the acquisition of future royalties. 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.

Expressed in Canadian dollars

17. Interest and other expenses

	Year ended December 31, 2025	Year ended December 31, 2024
Bank charges	2,460	2,920
Interest on lease liabilities	325	507
Other expenses	-	14,118
Total	2,785	17,545

18. Interest and other income

	Year ended December 31, 2025	Year ended December 31, 2024
Interest income	167,695	230,610
SR&ED rebate	64,651	120,247
Due diligence cost recoveries	25,415	-
Other income	1,144	-
Total	258,905	350,857

19. Subsequent events

In January and February 2026, 5,225,000 warrants were exercised, resulting in the issuance of 5,225,000 common shares. The Company received cash proceeds of $1,567,500. On January 12, 2026, 175,000 warrants expired unexercised.

On February 3, 2026, the Company entered into a gross revenue royalty agreement ("Relocalize Royalty Agreement") with Relocalize Inc. ("Relocalize"), a company with a micro-factory technology to sustainably produce ice. Pursuant to the Relocalize Royalty Agreement, CVW Royalties has agreed to provide Relocalize with $4.0 million of up-front capital for a 25% royalty on the gross revenues from its first two commercial facilities. The Company will also receive a 2% royalty on the gross revenues from Relocalize’s next eight commercial facilities and the option to invest up to $22.5 million in 13 additional facilities, subject to certain conditions.

On February 4, 2026, the Company announced a brokered private placement for gross proceeds of up to $25.0 million (the "February 2026 Offering"). The February 2026 Offering was structured as a unit offering at a price of $0.78 per unit, with each unit consisting of one common share and one common share purchase warrant. Each warrant is exercisable to acquire one additional common share at a price of $0.95 per share for a period of two years from the date of issuance. At any time following the six-month anniversary of issuance, if the volume-weighted average trading price of the Company’s common shares exceeds $1.20 for 30 consecutive trading days, the Company may, within 20 days of such occurrence, accelerate the expiry date of the warrants to a date that is 30 calendar days following the date of notice.

On February 24, 2026, the Company announced an increase to the size of the Offering to aggregate gross proceeds of up to $100.0 million (the "February 2026 Upsized Offering"), including a $50.0 million strategic investment from Fairfax Financial Holdings Limited, with the balance to be raised through a combination of brokered and non-brokered components. All other terms of the Offering, including the price per unit and warrant terms, remained unchanged.

On March 2, 2026, the Company completed the brokered portion of the February 2026 Upsized Offering and issued 64,102,565 units at a price of $0.78 per unit for gross proceeds of $50.0 million. The Company issued a total of 2,217,373 in finder shares.

On March 4, 2026, Northstar confirmed its decision to capitalize interest on the royalty debenture for the period from September 13, 2025, to March 13, 2026. As a result, the accrued interest will be added to the principal balance of the royalty debenture. Following such capitalization, the principal balance of the royalty debenture increased to approximately $16.2 million, and the Company's effective royalty rate was updated to approximately 13.9% based on the revised principal balance.

On April 14, 2026, at a special meeting of shareholders, the Company's shareholders approved the special resolution required to facilitate the previously announced strategic investment by Fairfax Financial Holdings Limited.

On April 16, 2026, the Company completed the previously announced strategic investment with Fairfax Financial Holdings Limited ("Fairfax"), pursuant to which the Company issued a total of 64,102,564 units for aggregate gross proceeds of approximately $50.0 million. The Company issued:

- 54,600,712 units consisting of one voting common share and one warrant convertible into a non-voting common share
- 9,501,852 units consisting of one non-voting common share, and one warrant convertible into a non-voting common share

The Company issued a total of 2,564,103 in finder shares with respect to the transaction with Fairfax.