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

Condensed Interim Financial Statements
For the three and six months ended June 30, 2026 and 2025

(Unaudited)

Note to reader

In accordance with National Instrument 51-102 Continuous Disclosure Obligations, part 4, subsection 4.3(3)(a) released by the Canadian Securities Administrators, CVW Sustainable Royalties Inc. (previously CVW CleanTech Inc.) discloses that the Company's independent auditor has not reviewed these Condensed Interim Financial Statements for the three and six months ended June 30, 2026 and 2025.

CVW Sustainable Royalties Inc.

(Previously CVW CleanTech Inc.)

Condensed Interim Statements of Financial Position

Unaudited, expressed in Canadian dollars

	Notes	As at June 30, 2026 $	As at December 31, 2025 $
Assets			
Current assets			
Cash and cash equivalents		101,393,225	4,045,407
Prepaid expenses and other assets		84,835	61,697
Trade and other receivables	4	32,341	48,925
Subscriptions receivable		-	37,500
Total current assets		101,510,401	4,193,529
Long-term assets			
Property, plant and equipment	5	17,159	9,572
Royalty debenture	6	16,692,953	15,898,050
Royalty asset	7	2,500,000	-
Total long-term assets		19,210,112	15,907,622
Total assets		120,720,513	20,101,151
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,021,560	599,839
Current portion of lease liabilities	8	1,305	1,766
Total current liabilities		1,022,865	601,605
Non-current liabilities			
Lease liabilities	8	-	598
Total liabilities		1,022,865	602,203
Equity			
Share capital	9	164,838,157	106,402,157
Contributed surplus		64,379,134	21,796,117
Shares to be issued		-	170,573
Deficit		(109,519,643)	(108,869,899)
Total equity		119,697,648	19,498,948
Total liabilities and equity		120,720,513	20,101,151
Commitments	15		
Subsequent events	19		

Approved by the Board of Directors

(signed) "Darren Morcombe", Director

(signed) "Jennifer Kaufield", Director

Condensed Interim Statements of Loss and Comprehensive Loss

Unaudited, expressed in Canadian dollars

		Three months ended June 30,		Six months ended June 30,	
	Notes	2026 $	2025 $	2026 $	2025 $
Change in fair value of royalty debenture	6	405,169	367,500	794,903	721,000
Expenses					
Compensation and benefits	13	840,687	370,487	1,223,751	741,734
Professional fees		115,598	161,120	274,981	238,549
Transfer agent and regulatory fees		99,696	79,200	163,734	116,419
Office and administration		80,519	54,447	95,693	106,391
Director fees	13	38,289	65,309	109,577	129,955
Consulting fees		36,601	69,274	91,629	165,551
Investor communications and marketing		30,515	101,428	65,142	190,484
Engineering and analysis		25,412	7,167	25,412	33,345
Stock-based compensation	10	181,602	721,652	489,363	1,192,049
Amortization	5	1,524	2,362	3,196	4,326
Total expenses		1,450,443	1,632,446	2,542,478	2,918,803
Operating loss		1,045,274	1,264,946	1,747,575	2,197,803
Interest and other expenses	17	893	586	3,890	1,129
Interest and other income	18	(877,496)	(30,242)	(1,048,748)	(132,366)
Net loss and comprehensive loss		(168,671)	(1,235,290)	(702,717)	(2,066,566)
Basic and diluted loss per share	11	(0.00)	(0.01)	(0.00)	(0.01)

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

Condensed Interim Statements of Changes in Equity

Unaudited, expressed in Canadian dollars

	Notes	Common shares $	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 period		-	-	-	(2,066,566)	(2,066,566)
Stock-based compensation expense	10	-	1,192,049	-	-	1,192,049
Warrants exercised		301,350	(151,348)	-	-	150,002
Balance – June 30, 2025		103,078,545	25,369,602		(109,782,308)	18,665,839

	Notes	Common shares $	Contributed surplus $	Shares to be issued $	Deficit $	Total equity $
Balance – January 1, 2026		106,402,157	21,796,117	170,573	(108,869,899)	19,498,948
Loss for the period		-	-	-	(702,717)	(702,717)
Private placement - shares and warrants	9	54,102,564	45,897,436	-	-	100,000,000
Finder shares	9	3,729,551	-	-	-	3,729,551
Shares to be issued		-	-	(170,573)	-	(170,573)
Stock-based compensation expense	10	-	489,363	-	-	489,363
Warrants exercised	9	3,149,107	(1,581,607)	-	-	1,567,500
Expiry of warrants	9	-	(52,973)	-	52,973	-
Equity issuance cost	9	(2,545,222)	(2,169,202)	-	-	(4,714,424)
Balance – June 30, 2026		164,838,157	64,379,134	-	(109,519,643)	119,697,648

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

Condensed Interim Statements of Cash Flows

Unaudited, expressed in Canadian dollars

	Notes	Three months ended June 30, 2026 $	Three months ended June 30, 2025 $	Six months ended June 30, 2026 $	Six months ended June 30, 2025 $
Operating activities					
Net loss for the period		(168,671)	(1,235,290)	(702,717)	(2,066,566)
Items not affecting cash:					
Change in fair value of royalty debenture	6	(405,169)	(367,500)	(794,903)	(721,000)
Stock-based compensation	10	181,602	721,652	489,363	1,192,049
Amortization	5	1,524	2,362	3,196	4,326
Unrealized exchange differences	18	(319,633)	-	(319,635)	-
Interest on lease liabilities	17	37	88	87	187
Total items not affecting cash		(541,639)	356,602	(621,892)	475,562
Net change in non-cash working capital items					
Prepaid expenses and other assets		25,515	5,553	(23,137)	(4,153)
Trade and other receivables		34,020	32,078	16,584	46,470
Accounts payable and accrued liabilities		161,930	(5,866)	421,721	(42,367)
Total net change in non-cash working capital items		221,465	31,765	415,168	(50)
Cash used in operating activities		(488,845)	(846,923)	(909,441)	(1,591,054)
Investing activities					
Purchase of property, plant and equipment	5	(10,783)	(1,584)	(10,783)	(3,423)
Purchase of royalty asset	7	-	-	(2,500,000)	-
Cash used in investing activities		(10,783)	(1,584)	(2,510,783)	(3,423)
Financing activities					
Private placement – shares and warrants	9	50,000,000	-	100,000,000	-
Warrants exercised	9	-	-	1,396,926	150,002
Subscription receivable	9	-	-	37,500	-
Equity issuance costs	9	(101,388)	-	(984,873)	-
Payment of lease liabilities	8	(573)	(574)	(1,146)	(1,148)
Cash provided by (used in) financing activities		49,898,039	(574)	100,448,407	148,854
Increase (decrease) in cash and cash equivalents		49,398,411	(849,081)	97,028,183	(1,445,623)
Cash and cash equivalents – beginning of period		51,675,181	4,603,702	4,045,407	5,200,244
Exchange rate differences on cash and cash equivalents	18	319,633	-	319,635	-
Cash and cash equivalents – end of period		101,393,225	3,754,621	101,393,225	3,754,621

1. Reporting entity and nature of operations

CVW Sustainable Royalties Inc. ("CVW Royalties" or the "Company") is a diversified royalty platform, providing its shareholders with positive returns by investing in the sustainable production of commodity and commodity-like products to support a more resilient economy. Royalties on assets and technologies that enable the sustainable production of critical resources present an opportunity to accelerate cash flow generation and create shareholder value. The Company's current portfolio includes its proprietary CVW™ technology which is designed to recover bitumen, solvents, critical minerals, and water from oil sands froth treatment tailings with significant environmental benefits; an interest in two future Northstar Clean Technologies facilities which reprocess waste shingles to produce liquid asphalt, aggregate, fiber and limestone; and a royalty interest in multiple Relocalize micro-factories which produce packaged ice and cold packs in a more sustainable manner.

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, and its 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 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". The Company does not have any subsidiaries.

2. Basis of presentation

The Condensed Interim Financial Statements present CVW Royalties' financial results and financial position under International Financial Reporting Standards ("IFRS Accounting Standards") as at and for the three and six months ended June 30, 2026, including the 2025 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, 2025 with the exception of new accounting policies adopted during the period as described in Note 3c. Certain information and disclosure normally required to be included in the notes of 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, 2025.

These Condensed Interim Financial Statements were approved by the Board of Directors on August 26, 2026.

These Condensed Interim Financial Statements are presented in Canadian dollars, which is the Company's functional currency.

3. Material accounting policies

a. Measurement basis

These Condensed Interim 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.

The significant judgements made by management in applying the Company's accounting policies and the key sources of estimation uncertainty are the same as those described in the December 31, 2025 annual audited financial statements, except as noted below.

Royalty asset

The Company purchased a royalty asset in the amount of $2,500,000 on February 2, 2026. Additional details regarding the Company's royalty asset can be found in Note 3c, Note 7, and Note 14.

Cash and cash equivalents, and short-term investments

The Company expanded the accounting policies with respect to its cash and cash equivalents, and short-term investments, as a result of the increase in its cash balance.

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

Adoption of new accounting policies

Subsequent to the Company's purchase of a royalty asset as described in Note 7, the Company has updated the following accounting policy:

Financial instruments

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

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

i. Classification

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

ii. Measurement

Financial assets and liabilities at FVTPL

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

Financial assets and liabilities at amortized cost

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

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand, bank balances net of outstanding cheques which have not cleared the bank at quarter end, and treasury bills with an original maturity of three months or less from the date of acquisition. These instruments are short-term, highly liquid investments that are readily convertible to known amounts of cash and are subject to a low risk of changes in value. Such treasury bills are presented within cash and cash equivalents on the Condensed Interim Statements of Financial Position and are included in the cash and cash equivalents balance within the Condensed Interim Statements of Cash Flows. The purchase, maturity, disposal, and interest income of cash and cash equivalents are presented as operating activities on the Condensed Interim Statements of Cash Flows.

Short-term investments

Treasury bills with an original maturity of greater than three months from the date of acquisition do not meet the definition of a cash equivalent under IAS 7 and will instead be classified as short-term investments, presented separately from cash and cash equivalents on the Condensed Interim Statements of Financial Position. These instruments will be measured in accordance with IFRS 9. The purchase, maturity, disposal, and interest income of these short-term investments will be presented as investing activities on the Condensed Interim Statements of Cash Flows.

Regardless of the classification and presentation difference of the underlying treasury bill within the Condensed Interim Statements of Financial Position and Condensed Interim Statements of Cash Flows, interest income earned on all treasury bills is recognized in profit or loss and presented as interest and other income within the Condensed Interim Statements of Loss and Comprehensive Loss, using the effective interest method in accordance with IFRS 9.

Adoption of new accounting pronouncements

The Company has adopted the following accounting policy changes retrospectively, as prescribed by IFRS Accounting Standards, effective January 1, 2026:

Unaudited, expressed in Canadian dollars

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 fair value through other comprehensive income were added. There is no material impact to these Condensed Interim Financial Statements as a result of adopting the amendments.

4. Trade and other receivables

	June 30, 2026 $	December 31, 2025 $
GST receivable	32,341	27,925
Other receivables	-	21,000
Total	32,341	48,925

5. Property, plant and equipment

	Company Owned Assets		Right-of-Use Assets	
	Computer Hardware/ Software $	Office Equipment $	Office Premises $	Total $
Cost – January 1, 2025	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
Additions	10,783	-	-	10,783
Cost – June 30, 2026	28,291	9,214	5,835	43,340
Accumulated amortization – January 1, 2025	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
Amortization	1,292	1,029	875	3,196
Accumulated amortization – June 30, 2026	16,524	4,989	4,668	26,181
Net book value – December 31, 2025	2,276	5,254	2,042	9,572
Net book value – June 30, 2026	11,767	4,225	1,167	17,159

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 10.00% coupon payable semi-annually with a five 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.

Unaudited, expressed in Canadian dollars

The royalty debenture has a 10.00% 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 two of Northstar's 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 to be repaid the full value of the royalty debenture at maturity. The table below summarizes the changes in fair value of the royalty debenture.

	June 30, 2026 $	December 31, 2025 $
Balance, beginning of period	15,898,050	14,420,000
Change in fair value of royalty debenture	794,903	1,478,050
Balance, end of period	16,692,953	15,898,050

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 the 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.

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. In March 2026, Northstar provided notice of its decision to capitalize the coupon on the royalty debenture for the period from September 13, 2025 to March 12, 2026. As a result, the accrued coupon amounting to $771,750 was added to the principal balance of the royalty debenture for a total principal balance of $16,206,750 as at March 12, 2026.

50.00% 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 1.71% royalty interest for each $1,000,000 of principal converted. Accordingly, using the conversion ratio of 1.71% per $1,000,000 of principal, the Company's royalty rate is 13.89% per facility as at the date of these Condensed Interim Financial Statements.

Unaudited, expressed in Canadian dollars

7. Royalty asset

On February 2, 2026, the Company entered into a gross revenue royalty agreement ("Relocalize Royalty Agreement") with Relocalize Inc. ("Relocalize"), a company with a more sustainable micro-factory technology to produce packaged ice and cold packs. Pursuant to the Relocalize Royalty Agreement, CVW Royalties has agreed to provide Relocalize with $4,000,000 of upfront capital, to be invested in two tranches, for a 25.00% royalty on the gross revenues from Relocalize's first two commercial facilities which is expected to step down to 15.0% once certain commercial milestones are met. The Company will also receive a 2.00% royalty on the gross revenues from Relocalize’s next eight commercial facilities and retains the option, at its sole discretion, to invest up to $22,500,000 in 13 additional facilities, subject to certain conditions.

The Company has paid the first tranche for $2,500,000 which entitles the Company to 25.00% of revenue on the Florida facility (being the first commercial facility developed by Relocalize) and 1.25% of revenue on facilities 3 – 10 to be developed in the future by Relocalize.

	June 30, 2026 $	December 31, 2025 $
Balance, beginning of period	-	-
Purchased during the period	2,500,000	-
Change in fair value of royalty asset	-	-
Balance, end of period	2,500,000	-

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

- Management’s estimate of the quantity of ice produced;
- Future commodity prices;
- Discount rate, and
- Accretion due to the passage of time.

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

8. Lease liabilities

The Company currently has leased office space in Calgary.

	June 30, 2026 $	December 31, 2025 $
Payments due no later than one year	1,337	2,293
Payments due later than one year and no later than three years	-	191
Total minimum lease payments	1,337	2,484
Less: interest portion at an interest rate of 10.00%	32	120
Total lease liabilities	1,305	2,364
Less: current portion	1,305	1,766
Long-term portion	-	598

Unaudited, expressed in Canadian dollars

9. Share capital

The Company's share capital consists of an unlimited amount of voting and non-voting common shares. Both classes of common shares carry the same economic participation rights. As at June 30, 2026, the Company had 279,406,915 voting common shares, and 9,501,852 non-voting common shares outstanding (December 31, 2025 – 150,697,162 voting common shares, nil non-voting common shares). The movement in the Company's share capital is as follows:

	June 30, 2026		December 31, 2025	
	Number of shares	Amount $	Number of shares	Amount $
Balance, beginning of period	150,697,162	106,402,157	144,874,691	102,777,195
Private placements	128,205,129	54,102,564	-	-
Finder shares	4,781,476	3,729,551	-	-
Warrants exercised	5,225,000	3,149,107	5,274,166	3,211,902
Stock options exercised	-	-	122,500	95,550
Conversion of DSUs	-	-	337,778	260,391
Conversion of RSUs	-	-	88,027	57,119
Equity issuance costs	-	(2,545,222)	-	-
Balance, end of period	288,908,767	164,838,157	150,697,162	106,402,157

On March 2, 2026, CVW Royalties completed a brokered private placement (the "March 2026 Offering"). Pursuant to the March 2026 Offering, the Company issued 64,102,565 units at an issue price of $0.78 per unit for total gross proceeds of $50,000,000. Each unit consists of one common share and one common share purchase warrant ("March 2026 Investor Warrants"). A value of $23,660,256 was attributed to the 64,102,565 March 2026 Investor Warrants as described further in the "Warrants" section of this note. The net proceeds from this transaction are intended to fund future royalty transactions, related diligence and closing costs, and for general corporate purposes. In connection with the March 2026 Offering, the Company paid cash costs of $805,627 and issued 2,217,373 finder shares at a deemed price of $0.78 per share. Equity issuance costs of $2,535,178 was allocated to common shares and warrants based on their relative fair values, with $1,335,532 allocated to common shares and $1,199,646 allocated to warrants.

On April 16, 2026, CVW Royalties completed a private placement (the "April 2026 Offering"). Pursuant to the April 2026 Offering, the Company issued 54,600,712 units at an issue price of $0.78 per unit for gross proceeds of $42,588,555. Each unit consisted of one common share and one non-voting common share warrant ("April 2026 Non-voting Investor Warrants") exercisable to purchase a non-voting common share. The Company also issued 9,501,852 non-voting units at an issue price of $0.78 per non-voting unit for gross proceeds of $7,411,445. Each non-voting unit consists of one non-voting common share and one non-voting common share warrant exercisable to purchase a non-voting common share. A value of $22,237,179 was attributed to the total 64,102,564 April 2026 Non-voting Investor Warrants as described further in the "Warrants" section of this note. The net proceeds from this transaction are intended to fund future royalty transactions, related diligence and closing costs, and for general corporate purposes. In connection with the April 2026 Offering, the Company paid cash costs of $179,246 and issued 2,564,103 finder shares at a deemed price of $0.78 per share. Equity issuance costs of $2,179,246 was allocated to common shares and warrants based on their relative fair values, with $1,209,690 allocated to common shares and $969,556 allocated to warrants.

During the six months ended June 30, 2026, the Company issued 5,225,000 shares as a result of the exercise of warrants. In 2025, the Company issued 5,822,471 shares as a result of the exercise of stock options and warrants, and the redemption of DSUs and RSUs.

Unaudited, expressed in Canadian dollars

Warrants

	June 30, 2026		December 31, 2025	
	Number of warrants convertible to common shares	Amount $	Number of warrants convertible to common shares	Amount $
Balance, beginning of period	6,549,998	3,053,274	11,824,164	4,657,925
Granted	128,205,129	45,897,436	-	-
Exercised/converted	(5,225,000)	(1,581,607)	(5,274,166)	(1,604,651)
Expired	(175,000)	(52,973)	-	-
Issuance costs	-	(2,169,202)	-	-
Balance, end of period	129,355,127	45,146,928	6,549,998	3,053,274

In connection with the March 2026 Offering, the Company issued 64,102,565 March 2026 Investor Warrants, exercisable at $0.95 per share for a period of two years from the date of issuance. At any time following the six-month anniversary of the warrants, if the volume-weighted average price of the Company's common shares exceeds $1.20 for 30 consecutive trading days at any time, the Company may, within 20 days following such occurrence, accelerate the expiry date of the March 2026 Investor Warrants to a date that is 30 calendar days after the date of such notice. The fair value attributed to these warrants totaled $23,660,256. Issuance costs of $1,199,646 were allocated to these warrants.

In connection with the April 2026 Offering, the Company issued 64,102,564 April 2026 Non-voting Investor Warrants, exercisable at $0.95 per share for a period of two years from the date of issuance. At any time following the six-month anniversary from March 2, 2026, if the volume-weighted average price of the Company's common shares exceeds $1.20 for 30 consecutive trading days at any time, the Company may, within 20 days following such occurrence, accelerate the expiry date of the April 2026 Non-voting Investor Warrants to a date that is 30 calendar days after the date of such notice. The fair value attributed to these warrants totaled $22,237,179. Issuance costs of $969,557 were allocated to these warrants.

During the six months ended June 30, 2026, 5,225,000 warrants were exercised for proceeds of $1,567,500 (year ended December 31, 2025 – 5,274,166 warrants were exercised for proceeds of $1,607,260).

The following table summarizes the key assumptions used in the valuation of warrants outstanding as at June 30, 2026:

	April 2026 Non-voting Investor Warrants	March 2026 Investor Warrants	October 19, 2022 Investor Warrants	January 12, 2022 Investor Warrants
Risk-free interest rate	2.78%	2.47%	3.58%	1.36%
Expiry date	March 2, 2028	March 2, 2028	October 7, 2026	January 12, 2026
Expected life	2.0	2.0	4.0	4.0
Expected volatility	62.09%	62.76%	100%	100%
Fair value per warrant	$0.35	$0.37	$0.79	$0.30

Unaudited, expressed in Canadian dollars

10. Stock-based compensation

The Company uses its Equity Incentive Plan ("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 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 10.00% (rolling) of the issued and outstanding voting common shares of the Company. 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:

	June 30, 2026	December 31, 2025
Equity award pool (10.00% of voting common shares outstanding)	27,940,692	15,069,716
Less awards outstanding:		
Stock options	(10,590,081)	(10,590,081)
DSUs	(32,961)	(32,961)
RSUs	(2,014,399)	(2,014,399)
Available pool	15,303,251	2,432,275

At June 30, 2026, an additional 15,303,251 equity instruments (December 31, 2025 – 2,432,275) could be granted in the form of either stock options, DSUs and/or RSUs.

Stock options

	June 30, 2026		December 31, 2025	
	Number of stock options	Weighted average exercise price $	Number of stock options	Weighted average exercise price $
Balance, beginning of period	10,590,081	1.02	7,956,099	1.06
Granted	-	-	2,756,482	0.86
Exercised	-	-	(122,500)	0.46
Balance, end of period	10,590,081	1.02	10,590,081	1.02

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.

Unaudited, expressed in Canadian dollars

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 were calculated using the following assumptions:

Option grant date	September 8, 2025	March 21, 2025	March 21, 2025 tranche 1	March 21, 2025 tranche 2
Valuation method	Monte Carlo	Monte Carlo	Black-Scholes	Monte Carlo
Risk-free interest rate	2.77%	2.66%	2.66%	2.66%
Term to expiry	5 years	5 years	5 years	5 years
Expected life	5.0	5.0	5.0	5.0
Expected volatility	62.40%	75.00%	75.00%	75.00%
Number of stock options	500,000	400,000	1,225,278	631,204
Fair value per option	$0.52	$0.51	$0.43	$0.53

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

The following table summarizes the stock options outstanding as at June 30, 2026:

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	0.55	0.46	1,250,000	0.55	0.46
$0.70 - $0.93	3,840,081	3.22	0.83	1,324,023	3.22	0.82
$0.94 - $1.35	5,500,000	1.49	1.28	-	N/A	N/A
Total	10,590,081	2.00	1.02	2,574,023	1.92	0.65

Deferred share units

	June 30, 2026		December 31, 2025	
	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	32,961	0.74	370,739	0.77
Converted	-	-	(337,778)	0.77
Balance, end of period	32,961	0.74	32,961	0.74

Unaudited, expressed in Canadian dollars

During the six months ended June 30, 2026, no DSUs were converted (year ended December 31, 2025 – 337,778 DSUs). No DSUs were granted during the six months ended June 30, 2026, or the year ended December 31, 2025.

Restricted share units

	June 30, 2026		December 31, 2025	
	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	2,014,399	0.77	1,636,080	0.75
Granted	-	-	466,346	0.84
Converted	-	-	(88,027)	0.65
Balance, end of period	2,014,399	0.77	2,014,399	0.77

During the six months ended June 30, 2026, the Company granted no RSUs (year ended December 31, 2025 – 466,346). During the six months ended June 30, 2026, no RSUs were converted (year ended December 31, 2025 – 88,027).

11. Basic and diluted loss per share

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
Net loss	$168,671	$1,235,290	$702,717	$2,066,566
Weighted average number of common shares outstanding	277,187,155	145,374,691	227,227,957	145,344,995
Basic and diluted loss per share	$0.00	$0.01	$0.00	$0.01

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.

12. Segment information

The Company considers its Board of Directors as the Chief Operating Decision Maker ("CODM"). As at June 30, 2026, the Company's CODM has identified a single reporting segment engaged in the generation 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 amounts disclosed in the Condensed Interim Financial Statements represent those of the single reporting unit.

The Company is domiciled in Canada and conducts substantially all of its corporate activities and holds all of its tangible assets in North America. All of the Company’s revenue for the three and six months ended June 30, 2026 and 2025 was earned in North America.

Unaudited, expressed in Canadian dollars

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 three and six months ended June 30, 2026 and 2025 is indicated below:

Corporate insiders

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	$	$	$	$
Compensation and benefits	840,687	370,487	1,223,751	741,734
Consulting fees	-	-	-	28,092
Stock-based compensation	154,368	721,652	435,195	1,192,049
Total	995,055	1,092,139	1,658,946	1,961,875

Board of Directors

	Three months ended June 30,		Six months ended June 30,	
	2026	2025	2026	2025
	$	$	$	$
Director fees	38,289	65,309	109,577	129,955
Stock-based compensation	27,234	-	54,168	-
Total	65,523	65,309	163,745	129,955

Accounts payable and accrued liabilities as at June 30, 2026 included $455,098 payable to corporate insiders and directors (December 31, 2025 - $31,932).

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 six months ended June 30, 2026 were nil (six months ended June 30, 2025 - $819).

14. Financial instruments and financial risk factors

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

	Level 1	Level 2	Level 3	Total
	$	$	$	$
Fair value as at June 30, 2026				
Royalty debenture	-	-	16,692,953	16,692,953
Royalty asset	-	-	2,500,000	2,500,000
Total	-	-	19,192,953	19,192,953
Fair value as at December 31, 2025				
Royalty debenture	-	-	15,898,050	15,898,050
Royalty asset	-	-	-	-
Total	-	-	15,898,050	15,898,050

Unaudited, expressed in Canadian dollars

As at June 30, 2026 and December 31, 2025, the Company estimates that both the carrying and fair value amounts of the Company's financial instruments other than the royalty debenture and royalty asset are approximately equivalent because of the short-term nature of the assets and liabilities.

The value of the royalty debenture and the royalty asset are considered level 3 measurements. The Company has established a valuation approach for determining the fair value of its level 3 assets using publicly available information, internal information, valuation assumptions, and other data points to calculate their values and record changes in the fair values at each reporting period. The fair values are 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)
Royalty asset	The fair value of the royalty asset has been determined using a discounted cash flow model	Key unobservable inputs (level 3) - Quantity of ice produced - Future commodity prices - Risk-adjusted discount rate	The estimated fair value would increase (decrease) if: - Quantity of ice produced increased (decreased) - Future commodity prices increased (decreased) - Risk-adjusted discount rate decreased (increased)

Royalty debenture

The following table summarizes the range of significant unobservable inputs used to determine the fair value of the royalty debenture. Note that the revenue from royalty debenture discussed within the tables below is a function of feedstock processed and sales price.

Significant unobservable inputs	Range of significant unobservable inputs for royalty debenture	
	Six months ended June 30, 2026	Year ended December 31, 2025
Revenue assumptions	After conversion of debenture to a royalty, the Company's annual revenue ranges between $2,100,000 and $2,900,000	After conversion of debenture to a royalty, the Company's annual revenue ranges between $2,100,000 and $2,900,000
Risk-adjusted discount rate	12.50% per annum	12.50% per annum

Royalty asset

The following table summarizes the range of significant unobservable inputs used to determine the fair value of the royalty asset. Note that the revenue from the royalty asset discussed within the tables below is a function of quantity produced and sales price.

Unaudited, expressed in Canadian dollars

Significant unobservable inputs	Range of significant unobservable inputs for the royalty asset
	Six months ended June 30, 2026
Revenue assumptions	CVW Royalties' annual revenue ranges between $250,000 and $414,000
Risk-adjusted discount rate	12.20% per annum

The following table presents the potential impact to the Company's net income to changes in the unobservable inputs noted above for the six months ended June 30, 2026:

	Royalty debenture		Royalty asset	
	Increase by 10% $	Decrease by 10% $	Increase by 10% $	Decrease by 10% $
Quantity processed/produced	641,871	(641,871)	215,001	(215,001)
Future commodity prices	1,044,022	(1,044,022)	215,001	(215,001)
Risk-adjusted discount rate	(1,488,929)	1,708,129	(163,021)	182,423

The following table presents the potential impact to the Company's net income to changes in the unobservable inputs noted above for the year ended December 31, 2025:

	Royalty debenture	
	Increase by 10% $	Decrease by 10% $
Quantity processed/produced	682,786	(524,331)
Future commodity prices	1,002,228	(843,773)
Risk-adjusted discount rate	(1,361,277)	1,737,802

During the six months ended June 30, 2026, there were no significant changes in the assumptions used to determine the fair value of the royalty debenture as compared to December 31, 2025.

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, coupon payments on its royalty debenture, and royalty payments on its royalty asset. As at June 30, 2026, the Company's maximum credit exposure totaled approximately $120,618,519, comprising cash and cash equivalents of $101,393,225, trade and other receivables of $32,341, the royalty debenture carried at fair value of $16,692,953, and the royalty asset carried at fair value of $2,500,000. Cash and cash equivalents are held with Canadian financial institutions with credit ratings of Aa or higher, or via treasury bills which represent a direct obligation of the Government of Canada and carry one of the highest sovereign credit ratings in the world. Management believes that the credit risk concentration with respect to cash is minimal.

The Company's royalty exposure is concentrated in two counterparties: Northstar, a Canadian-domiciled company whose first commercial facility is located in Calgary, Alberta; and Relocalize, a Canadian-domiciled company whose first commercial facility is located in Plant City, Florida. 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.

Historically, the Company has relied on government grants to fund its technology development, and equity financings to fund its operations and royalty investments. With the closing of the brokered private placement in March 2026 and the Fairfax strategic investment in April 2026, the Company has substantially enhanced its liquidity position. As at June 30, 2026, the Company had an aggregate cash balance of $101,393,225 to settle current liabilities of $1,022,865 (December 31, 2025 - Cash $4,045,407; current liabilities $601,605). Most of the Company's financial liabilities have contractual terms of 30 days or less. Based on management's current operating plan, the Company's cash and cash equivalents are sufficient to fund operations, current royalty investment commitments, and other capital requirements. The potential commercialization of the CVW™ technology or the funding of future royalty investment opportunities may, however, require additional capital, which the Company expects to source from a combination of cash and cash equivalents on-hand, equity placements, debt facilities, government grants, and strategic partnerships.

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 issued by Canadian banks with credit ratings of Aa or higher, or Treasury Bills issued by the Bank of Canada. The Company periodically monitors its investments and the creditworthiness of the banks it holds investments in. As at June 30, 2026, the Company held cash and cash equivalents of $101,393,225, substantially all of which earns interest at variable short-term rates.

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 hold cash 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.

Unaudited, expressed in Canadian dollars

15. Commitments

As at June 30, 2026, the Company is committed to the following future payments:

	Less than 1 year $	1 - 2 years $	3 - 5 years $
Accounts payable and accrued liabilities	1,021,560	-	-
Lease liabilities	1,305	-	-
Total commitments	1,022,865	-	-

In addition to what has been recorded within the Condensed Interim Statements of Financial Position, the Company is committed to a $1,500,000 future payment to Relocalize subject to Relocalize achieving certain commercial and financial conditions, and $12,894 which are payable within one year.

16. Capital management

The Company considers its equity as its capital. At June 30, 2026, the Company had total equity of $119,697,648 (December 31, 2025 – $19,498,948). 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 in accordance with the Company's short-term investment policy; to deploy capital into accretive royalty investments aligned with the Company's strategy; to continue to advance the commercialization of the CVW™ technology; and to maintain sufficient liquidity to support ongoing operations and future investment opportunities. The Company reviews its capital management approach on an ongoing basis and believes that its current approach is appropriate.

17. Interest and other expenses

	Three months ended June 30,		Six months ended June 30,	
	2026 $	2025 $	2026 $	2025 $
Bank charges	856	498	3,803	942
Interest on lease liabilities	37	88	87	187
Total	893	586	3,890	1,129

18. Interest and other income

	Three months ended June 30,		Six months ended June 30,	
	2026 $	2025 $	2026 $	2025 $
Interest income	532,863	29,098	621,863	66,571
Unrealized exchange differences	319,633	-	319,635	-
Transaction cost recoveries	22,500	-	104,750	-
Other income	2,500	1,144	2,500	1,144
SR&ED rebate	-	-	-	64,651
Total	877,496	30,242	1,048,748	132,366

19. Subsequent events

In July 2026, 245,469 RSUs were exercised resulting in an issuance of 245,469 common shares of the Company.