



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED MARCH 31, 2025

The following management's discussion and analysis ("MD&A") was prepared as of May 29, 2025 and is management's assessment of the historical financial and operating results of Northstar Clean Technology Inc. ("Northstar" or the "Company") and should be read in conjunction with the unaudited condensed interim consolidated financial statements ("Interim Consolidated Financial Statements") of the Company for the three months ended March 31, 2025, as well as the audited consolidated financial statements and notes thereto for the year ended December 31, 2024 and the 2024 annual MD&A.

The Interim Consolidated Financial Statements were prepared on a going concern basis in accordance with International Financial Reporting Standards. Northstar's management is responsible for the integrity of the information contained in this MD&A and for the consistency between the MD&A and the Interim Consolidated Financial Statements. In the preparation of the Interim Consolidated Financial Statements, estimates are necessary to make a determination of future values of certain assets and liabilities. Management believes these estimates have been based on careful judgements and have been properly presented. The Interim Consolidated Financial Statements have been prepared using policies and procedures established by management and fairly reflect Northstar's financial position, results of operations and funds flow from operations. Northstar's Board of Directors approved the Interim Consolidated Financial Statements and MD&A for distribution on May 29, 2025. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

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DESCRIPTION OF THE BUSINESS

Northstar is a Canadian-based clean technology company focused on the sustainable recovery and reprocessing of asphalt shingles. Northstar has developed a proprietary design process for taking discarded asphalt shingles, otherwise destined for already over-crowded landfills, and extracting the liquid asphalt for use in new hot mix asphalt, shingle manufacturing and asphalt flat roof systems, and aggregate and fibre for use in construction products and other industrial applications. Focused on the circular economy, Northstar plans to reprocess used or defective asphalt shingle waste back into its three primary components for reuse/resale at its first commercial scale up facility in Calgary, Alberta (“Empower Calgary”). As an emerging innovator in sustainable processing, Northstar’s mission is to be the leader in the recovery and reprocessing of asphalt shingles in North America, extracting the recovered components from asphalt shingles that would otherwise be sent to landfill.

Northstar has developed a proprietary design process known as the Bitumen Extraction & Separation Technology (“BEST”) technology, to break down the components of single-use asphalt shingles that would otherwise be sent to a landfill, into market quality products. The component parts of an asphalt shingle are approximately 50% aggregate, 25% fibre and 25% liquid asphalt (the “Products”). Once reprocessed, the Products can be used in a variety of applications, including road asphalt, new asphalt shingle manufacturing, construction products, and other industrial applications. The Company plans to sell these components to paving companies, cement companies, roofing companies, shingle manufacturers and other industrial and construction product manufacturers, who may benefit from a supply of low carbon, reprocessed products.

The successful completion of the Company’s initial pilot in Delta, BC (“Empower Delta”) during 2024 prepared the Company for its first commercial scale up facility. Construction of Empower Calgary began on September 20, 2023 and was substantially completed during the first quarter of 2025. The facility is currently being commissioned and is expected to begin operations mid-year 2025.

The Company listed its common shares on the TSX Venture Exchange (the “TSXV”) and began publicly trading on the TSX-V under the symbol ‘ROOF’ on July 13, 2021. On January 11, 2022, the Company’s common shares commenced trading on the OTCQB Venture Market (the “OTCQB”) under the ticker symbol ‘ROOOF’.

The head office and principal address of the Company is located at 101, 12111 40 Street SE, Calgary, Alberta, T2Z 4E6. The Company’s registered and records office is located at 7046 Brown Street, Delta, British Columbia, Canada, V4G 1G8.

HIGHLIGHTS

The following table summarizes selected financial information of the Company for the periods noted:

CAD\$, except per share amounts and common shares outstanding)

FINANCIAL RESULTS	Three months ended March 31,	
	2025	2024
Loss and comprehensive loss	\$ 2,949,917	\$ 1,581,578
Per share – basic and diluted	0.02	0.01
Net cash flow used in operating activities	2,338,652	1,201,168
Per share – basic and diluted	0.02	0.01
<i>Capital expenditures</i>		
Capital expenditures	4,080,489	1,848,278
<i>Liquidity & Capitalization</i>		
Working capital (deficit) surplus	\$ (426,551)	\$ 3,440,770
7.95% senior secured non-revolving loan ⁽¹⁾	8,132,302	-
Convertible debentures - principal amount ⁽²⁾	9,505,000	5,700,000
Royalty Debenture ⁽³⁾	14,773,500	-
<i>Common shares outstanding</i>		
Weighted average - basic and diluted	132,942,452	126,710,381
Outstanding, end of period	134,306,216	126,710,381

⁽¹⁾ As of March 31, 2025, the Company had drawn \$8,132,302 under its non-revolving senior secured debt facility (the “BDC Facility”) with the Business Development Bank of Canada (“BDC”), leaving \$617,698 undrawn. Refer to Notes 7 and 19 in the Company’s Interim Consolidated Financial Statements as of March 31, 2025.

⁽²⁾ Since December 2022, the Company has entered into various financing arrangements through the issuance of convertible debentures in tranches, raising a total of \$10,405,000 at interest rates varying between 10% and 12.5%. As at March 31, 2025, principal amounts totalling \$9,505,000 remain outstanding, reflecting \$900,000 of proceeds received in exchange for conversion into common shares. See Note 8 in the Company’s Interim Consolidated Financial Statements as at March 31, 2025.

⁽³⁾ On September 13, 2024, the Company completed an agreement with CVW CleanTech Inc. (“CVW”) pursuant to which CVW provided the Company with \$14,000,000 in funding through a five-year 10% second secured convertible debenture (the “Royalty Debenture”) convertible into revenue royalties on two future facilities. The balance reflects the change in fair value since inception. See Note 9 in the Company’s Interim Consolidated Financial Statements as at March 31, 2025.

- Substantial construction completion of the Empower Calgary facility was achieved. During the three months ended March 31, 2025, capital expenditures associated with construction were \$4.1 million during the quarter compared to \$1.8 million during the same period of 2024. Final capital costs, inclusive of construction, commissioning and indirect owners’ costs will be tabulated at the completion of commissioning as the plant is turned over to operations. As of the date of this MD&A, commissioning was progressing with operations expected to begin mid-year of 2025.
- In March 2025 the Company received a follow-on patent from the Canadian Intellectual Patent Office (the “CIPO”) resulting in the second Canadian patent related to the asphalt recovery stage. This additional Canadian patent further protects the core technology of the Company. Additional patents are progressing in the U.S. and other international jurisdictions.
- On February 18, 2025, the Company signed a letter of intent with YORK1 Environmental Waste Solutions Ltd. as general partner for and on behalf of York1 Environmental Waste Solutions, LP, related to the formation of a strategic alliance for the supply of waste roofing shingles and for co-location of complimentary facilities at Empower Hamilton.
- On March 31, 2025, the Company announced the execution of a 15-year lease extension for its Empower Delta facility giving Northstar the option to retrofit Empower Delta, formerly home to its pilot facility, into a commercial-scale operation.

- Subsequent to the end of the quarter:
1. On May 5, 2025, the Company announced the successful completion of Milestone 2 requirements stipulated in a contribution agreement (the “Contribution Agreement”) between Empower Calgary and Emissions Reduction Alberta (“ERA”) which required, among other criteria, substantial completion of the Empower Calgary facility as defined in the Builder’s Lien Act. The resulting \$3.9 million funding from ERA brings receipts to date from ERA to \$5.2 million. Approximately \$1.9 million remains outstanding under the contribution agreement upon attainment of commissioning and operational milestones.
 2. On May 16, 2025, the Company announced it had completed all criteria necessary and received all remaining amounts under the \$8.75 million BDC Facility. The remaining portion totaled \$617,698 which included a \$250,000 hold-back. With the BDC Facility now fully drawn, the loan will begin to amortize over a thirteen year period on a monthly basis.

RESULTS OF OPERATIONS

	Three months ended March 31	
	2025	2024
Revenue - tipping fees	\$ 175,517	\$ 70,600
Loss from operating activities	1,790,813	1,473,283
Other items	1,159,104	208,229
Loss and comprehensive loss	2,949,917	1,581,578
Basic and diluted loss per share	\$ 0.02	\$ 0.01

The loss and comprehensive loss during the three months ended March 31, 2025 was \$2.9 million compared to \$1.6 million during the same period of 2024. The following discussion addresses the significant drivers of the loss and comprehensive loss for the first quarter of 2025 compared to same period of 2024.

Revenue

Northstar anticipates four revenue streams associated with the recovery and reprocessing of asphalt shingles. Currently, discarded asphalt shingles are received at the Company’s Empower Calgary facility based on contracted tipping fees held with strategic feedstock supply partners; the Company’s first revenue stream. Tipping fees are calculated based on a fixed rate per tonne (metric ton) accepted at the facility. Proprietary operations will recover and reprocess these discarded asphalt shingles into Products including aggregate, fibre and liquid asphalt, generating three additional revenue streams. Once reprocessed, the Products can be used in a variety of applications, including road asphalt, new asphalt shingle manufacturing, construction products, and other industrial applications. Total Product revenues will be directly correlated to the tonnes of discarded asphalt shingles processed at the facility.

During the three months ended March 31, 2025, the Company reported tipping fees of \$176,000 at Empower Calgary associated with the collection of 2,925 tonnes of shingles. During the same period of 2024, tipping fees of \$41,000 were generated at Empower Calgary and \$29,600 were generated at Empower Delta associated with the collection of 822 tonnes of shingles. The increase in tipping fees is due to the ramp up of shingle collection at Empower Calgary, partially offset by transition away from shingle collection at Empower Delta as the pilot facility was ramped down. Shingle collection at Empower Calgary started in the first quarter of 2024.

Loss from operating activities

	Three months ended March 31	
	2025	2024
Revenue - tipping fees	\$ 175,517	\$ 70,600
Cost of shingle collection	(223,307)	-
	(47,790)	70,600
Expenses		
General and administrative	961,765	700,750
Depreciation and amortization	325,394	320,270
Share based compensation	194,824	285,495
Rent, utilities and site costs	180,546	205,335
Insurance	80,494	32,033
Loss from operating activities	\$ 1,790,813	\$ 1,473,283

During the three months ended March 31, 2025, the loss from operating activities increased to \$1.8 million from \$1.5 million in the same period of 2024 driven primarily by increased general and administrative ('G&A') and insurance. The \$261,000 increase in G&A includes an increase in staff levels and an increase in services provided by external advisors as the Company prepares for operational readiness at Empower Calgary.

Other items

Other items include financing costs associated with the Company's long-term liabilities and foreign exchange gains or losses. During the three months ended March 31, 2025, other items increased to \$1.2 million from \$208,000 in the same period of 2024 due to interest expense associated with new financing activities secured during 2024. Interest and financing expense increased by \$474,000 compared to the same period in 2024 due to interest expense incurred on convertible debentures at rates ranging from 10% to 12.5% and draws on the BDC Facility which commenced during the third quarter of 2024, with interest payable monthly at the rate of 7.95%. In addition, a \$353,500 fair value loss on re-measurement of the Royalty Debenture was recognized during the three months ended March 31, 2025 (three months ended March 31, 2024 - \$Nil).

CAPITALIZATION AND FINANCIAL RESOURCES

Capital Expenditures

	Three months ended March 31	
	2025	2024
Empower Calgary	\$ 3,904,342	\$ 1,848,278
Corporate	6,569	-
	3,910,911	1,848,278
Capitalized interest	169,578	-
Capital expenditures	\$ 4,080,489	\$ 1,848,278

Capital expenditures were \$4.1 million during the three months ended March 31, 2025 compared to \$1.8 million during the same period of 2024. The increase is associated with construction of the Empower Calgary facility, the Company's first commercial facility, designed and engineered with an estimated 150–200 tonnes per day of asphalt processing capacity.

During the first quarter of 2025, construction of the inaugural asphalt shingle reprocessing facility was substantially complete, and electrification was achieved. Final capital costs, inclusive of construction, commissioning and indirect owners' costs will be tabulated at the completion of commissioning as the plant is turned over to operations. Management anticipates that future facilities will benefit from design and construction efficiencies, leading to lower overall capital costs compared to Empower Calgary which incurred one-time expenses for facility engineering, module design, first of a kind construction and commissioning and operational improvements.

Subsequent to the end of the quarter, on May 5, 2025, the Company announced the successful completion of Milestone 2 requirements stipulated in the Contribution Agreement with ERA which required, among other criteria, substantial completion of the Empower Calgary facility as defined in the Builder's Lien Act. The resulting \$3.9 million funding from ERA brings receipts to date from ERA to \$5.2 million. Approximately \$1.9 million remains outstanding under the Contribution Agreement upon attainment of commissioning and operational milestones.

On May 16, 2025, the Company announced it had completed all criteria necessary and received all remaining amounts under the \$8.75 million BDC Facility. The remaining portion totaled \$617,698 which included a \$250,000 hold-back. The loan will be amortized on a monthly basis over a thirteen year period, with each payment comprising principal and interest.

The Company's development of asphalt processing activities has been funded to date primarily through the issuance of common shares, convertible debenture financings, royalty debenture financings, government loans and government grants. Other than as discussed herein, the Company is not aware of any trends, demands, commitments, events or uncertainties that may result in its liquidity either materially increasing or decreasing at present or in the foreseeable future. Material increases or decreases in the Company's liquidity will be substantially determined by the success or failure of its commercialization of a proprietary process technology for the reprocessing of asphalt shingles and the extraction and recovery of asphalt, fibre and aggregate to be sold and used in asphalt pavement, shingle manufacturing, construction products, and other industrial applications, as well as its continued ability to raise capital.

Loans payable

	March 31, 2025	December 31, 2024
Balance, beginning of period	\$ 7,884,349	\$ -
Secured 7.95% senior secured non-revolving loan proceeds	-	8,132,302
Interest accretion and transaction costs	10,168	(247,953)
Balance, end of period	7,894,517	7,884,349
Less current portion	(562,320)	(394,080)
Long term portion	\$ 7,332,197	\$ 7,490,269

During the year ended December 31, 2023, the Company entered into the BDC Facility for up to \$8.75 million in non-revolving senior secured debt. The proceeds were designated for the development and construction of the Company's asphalt shingle reprocessing facility at Empower Calgary.

In the third quarter of 2024, the Company provided BDC with evidence of sufficient funding to fully cover the remaining project costs through to the completion of the facility. Having satisfied all conditions precedent for access to the BDC Facility, the Company drew a total of \$8.1 million during the third and fourth quarters of 2024. Subsequent to March 31, 2025, on May 16, 2025, the Company completed its final draw, receiving \$617,698 (less fees of \$20,500), bringing the total amount outstanding under the BDC Facility to \$8.75 million.

The BDC Facility has a 13 year repayment period with a two-year interest only payment period, which ends June 2025. The annual interest rate of the BDC Facility is 7.95% for five years and contains a number of financial, insurance and reporting conditions. Once the BDC Facility is fully drawn and commencing with the fiscal years ending after December 31, 2025, the Company must maintain a fixed charge coverage ratio at the Empower Environmental Solutions Calgary Ltd. Level of 1.1:1. Additionally, during the course of the BDC Facility, the Company must maintain suitable environmental and commercial general liability insurance policies, provide financial statements on a timely basis, maintain good standing with various government agencies and remain in compliance with environmental laws and regulations, among various other reporting obligations. Compliance with these requirements for the 2025 fiscal year remains outstanding.

Drawing on the debt is secured with a first security interest over the assets of Empower Environmental Solutions Calgary Ltd. and guarantees from Northstar and Empower Environmental Solutions Ltd., supported by a first security interest from both guarantors.

Convertible debentures

Date of issue	Maturity	March 31, 2025	December 31, 2024
December 2022	December 2025	\$ 1,085,000	\$ 1,270,000
February 2023	February 2026	525,000	625,000
December 2023	December 2026	2,060,000	2,200,000
February 2024	February 2027	1,130,000	1,200,000
May 2024	May 2027	2,455,000	2,455,000
June 2024	June 2027	2,250,000	2,250,000
Balance, end of period		\$ 9,505,000	\$ 10,000,000

Since December 2022, the Company has completed a series of financing transactions through the issuance of convertible debentures in multiple tranches, raising a total of \$10.4 million.

As of March 31, 2025, convertible debentures with an aggregate principal amount of \$9.5 million remain outstanding, reflecting a \$495,000 decrease since December 31, 2024 (\$900,000 since date of issue) due to holders electing to convert their debentures into common shares.

Royalty Debenture

	March 31, 2025	December 31, 2024
Balance, beginning of period	\$ 14,420,000	\$ -
Fair value at issuance	-	14,000,000
Increase in fair value	353,500	420,000
Balance, end of period	\$ 14,773,500	\$ 14,420,000

On September 13, 2024, the Company closed a royalty transaction, pursuant to which CVW provided the Company with a total of \$14 million in funding through the Royalty Debenture, convertible into revenue royalties on two future facilities. Upon the achievement of certain volume and financial milestones, the balance outstanding will convert into two equal royalty interests in the next two Northstar asphalt shingle reprocessing facilities after Empower Calgary. Proceeds received from the Royalty Debenture enhanced working capital reserves and were dedicated to business development initiatives for future site selections, facility buildout and general corporate purposes.

CASH FLOW SUMMARY

	Three months ended March 31	
	2025	2024
Net cash provided by (used in):		
Operating activities	\$ (2,338,652)	\$ (1,201,168)
Investing activities	(4,805,647)	(1,634,658)
Financing activities	(227,656)	1,032,872
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	(567)	142,127
Net change in cash and cash equivalents	\$ (7,372,522)	\$ (1,660,827)

During the three months ended March 31, 2025, net cash used in operating activities increased to \$2.3 million from \$1.2 million during the same period of 2024 driven by the net loss from operating activity during the first quarter of 2025. Expenses increased by \$200,000 as the Company prepares for operations at Empower Calgary. In addition, interest and financing expense increased by \$474,000 and a \$353,500 fair value loss on re-measurement of the Royalty Debenture was recognized during the three months ended March 31, 2025 (three months ended March 31, 2024 - \$Nil).

During the three months ended March 31, 2025, net cash used in investing activities increased to \$4.8 million from \$1.6 million during the same period of 2024. The increase is related to capital expenditures at Empower Calgary.

During the three months ended March 31, 2025, net cash used in financing activities was approximately \$228,000 compared to net cash provided by financing activities of \$1.0 million during the same period of 2024. During the three months ended March 31, 2025 no additional financings were conducted, whereas the Company issued convertible debentures totaling \$1.3 million net of issuance costs during the same period of 2024.

OFF-BALANCE SHEET ARRANGEMENTS

The Company has not entered into any off-balance sheet transactions.

SHARES OUTSTANDING

At March 31, 2025, the Company had the following share capital instruments outstanding or exercisable:

Common Shares:	
Outstanding at December 31, 2024	130,875,408
Conversion of convertible debentures	2,190,000
Exercise of warrants ⁽¹⁾	1,240,808
Common shares outstanding as at March 31, 2025	134,306,216
Convertible securities:	
Equity-settled RSUs and PSUs ⁽²⁾	1,005,352
Stock options outstanding	9,844,043
Warrants	52,297,917
Convertible securities as at March 31, 2025	63,147,312
Preferred Shares	
Outstanding as at March 31, 2025	29,244,756

⁽¹⁾ Warrants were exercised at the price of \$0.2 per common share, resulting in the cash proceeds received of \$248,162, \$3,809 of which was received during the year ended December 31, 2024.

⁽²⁾ Balance excludes 1,316,349 common shares which were released to employees subsequent to the end of the quarter, in connection with the equity-based PSUs and RSUs which vested on March 31, 2025.

Subsequent to the end of the year, the Company had the following share capital instruments outstanding and exercisable at May 29, 2025:

	Units
Common shares:	
Outstanding as at March 31, 2025	134,306,216
Release of equity-settled RSUs and PSUs	1,316,349
Exercise of options	174,420
Exercise of warrants ⁽¹⁾	530,000
Conversion of convertible debentures	725,000
Outstanding as at May 29, 2025	137,051,985
Convertible securities granted and outstanding:	
Equity-settled RSUs and PSUs	1,005,352
Stock options outstanding	9,669,623
Warrants	51,817,916
Convertible securities as at May 29, 2025	62,492,891
Preferred Shares	
Outstanding as at May 29, 2025	29,244,756

⁽¹⁾ Warrants were exercised at the price of \$0.2 per common share, resulting in the cash proceeds received of \$106,000, \$10,000 of which was received during the period ended March 31, 2025.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The information presented in the table below reflects management's estimate of the contractual maturities of obligations at March 31, 2025. These estimates may differ significantly from the actual maturities of these obligations.

Commitments	2025	2026	2027	2028	2029	Thereafter	Total
Variable Lease Commitments:							
Northstar ⁽ⁱ⁾	\$ 21,402	\$ 28,536	\$ 28,536	\$ 28,536	\$ 28,536	\$ 2,378	\$ 137,924
Empower Calgary ⁽ⁱⁱ⁾	88,875	118,500	118,500	118,500	118,500	1,184,999	1,747,874
Empower Delta ⁽ⁱⁱⁱ⁾	161,740	215,654	215,654	215,654	215,654	2,372,193	3,396,549
	272,017	362,690	362,690	362,690	362,690	3,559,570	5,282,347
Other obligations							
Lease Liabilities							
Northstar ⁽ⁱ⁾	42,276	56,368	57,983	59,744	59,891	4,991	281,253
Empower Calgary ⁽ⁱⁱ⁾	629,826	849,323	860,980	872,869	884,997	10,280,414	14,378,409
Empower Delta ⁽ⁱⁱⁱ⁾	457,378	875,653	897,544	919,983	942,982	12,065,978	16,159,518
	1,129,480	1,781,344	1,816,507	1,852,596	1,887,870	22,351,383	30,819,180
Loan Payable ^(iv)	394,080	672,960	672,960	672,960	672,960	5,046,382	8,132,302
Interest on Loan Payable ^(iv)	479,188	590,552	537,051	483,610	430,051	1,520,143	4,040,595
Convertible Debenture ^(v)	1,085,000	2,585,000	5,835,000	-	-	-	9,505,000
Royalty Debenture ^(v)	-	-	-	-	14,700,000	-	14,700,000
Total other obligations	\$ 3,087,748	\$ 5,629,856	\$ 8,861,518	\$ 3,009,166	\$ 17,690,881	\$ 28,917,908	\$ 67,197,077
Total commitments and obligations	\$ 3,359,765	\$ 5,992,546	\$ 9,224,208	\$ 3,371,856	\$ 18,053,571	\$ 32,477,478	\$ 72,479,424

- (i) Leased office space with an initial term of 5 years commencing February 1, 2025, and includes one additional 5-year term. Other obligations include undiscounted future obligations associated with this liability.
- (ii) Leased land and building for the Empower Calgary facility in Rocky View County near Calgary, Alberta with an initial term of 15 years and two additional 5-year optional terms. Other obligations include undiscounted future obligations associated with this liability.
- (iii) Leased land and building for the pilot facility in Delta, BC with an initial term commencing January 1, 2025, and ending December 31, 2040. Other obligations include undiscounted future obligations associated with this liability.
- (iv) This represents scheduled principal repayments and associated interest payments based on BDC Facility contract terms on the balance outstanding as at March 31, 2025. Subsequently to the end of the quarter, on May 16, 2025, the Company completed its final draw, receiving \$617,698 (less fees of \$20,500), bringing the total amount outstanding under the BDC Facility to \$8.75 million. Total estimated amount of additional future interest obligations will increase by \$620,229 based on the new BDC loan repayment schedule.
- (v) Principal payments only, excludes interest.

CAPITAL MANAGEMENT

The Company's capital comprises its shareholders equity under management. The Company's objectives when managing capital are to safeguard the Company's ability to continue as a going concern to pursue the development of its processing technology and to maintain a flexible capital structure which optimizes the costs of capital at an acceptable risk.

The Company manages the capital structure and makes adjustments to it in light of changes in economic conditions and the risk characteristics of the underlying assets. To maintain or adjust the capital structure, the Company may attempt to issue new shares, issue new debt or convertible debt, enter into strategic partnerships, enter into royalty financing arrangements and/or acquire or dispose of assets.

To facilitate the management of its capital requirements, the Company prepares expenditure budgets that are updated as necessary depending on various factors, including successful capital deployment and general industry conditions. The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

To maximize ongoing development efforts, the Company does not pay dividends. The Company's investment policy is to invest its short-term excess cash in highly liquid short-term interest-bearing investments with maturities of 365 days or less from the original date of acquisition, selected with regards to the expected timing of expenditures from continuing operations.

The Company assesses its financing requirements and its ability to access equity or debt markets on an ongoing basis. The assessment considers the stage and success of the Company's evaluation and execution activities to date, and the continued

participation of the Company's partners in evaluation activities and financial market conditions. It is possible that future economic events and global conditions may result in further volatility in the financial markets which could negatively impact the Company's ability to access equity or debt markets in the future.

There have been no changes to the Company's approach to capital management during the three months ended March 31, 2025. The Company is not subject to externally imposed capital requirements.

RELATED PARTY TRANSACTIONS

- (a) As at March 31, 2025, accounts payable and accrued liabilities include \$409,000 (December 31, 2024 - \$351,000) owing to key management personnel. The amounts are unsecured, non-interest bearing and due on demand.
- (b) Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. During the periods presented the Company paid or accrued the following key management personnel compensation to directors, officers, and/or companies controlled by directors and officers and/or companies with certain directors in common:

	Three months ended March 31			
	2025		2024	
Share-based compensation	\$	152,819	\$	171,326
Wages and benefits		321,928		218,862
	\$	474,747	\$	390,188

- (c) During the three months ended March 31, 2025, the amount of \$Nil (December 31, 2024 - \$50,000) was received in convertible debenture proceeds by officers or directors of the Company.

SUMMARY OF QUARTERLY RESULTS

	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Total assets	\$ 49,378,626	\$ 45,728,755	\$ 36,949,134	\$ 20,683,139
Property, plant and equipment	26,396,070	22,418,635	15,694,999	9,348,796
Working capital (deficit)	(426,551)	4,839,707	9,794,657	3,446,112
Shareholders' (deficiency) equity	(3,462,176)	(1,333,578)	1,199,210	4,244,205
Expenses	1,743,023	2,270,470	1,473,856	1,448,114
Loss and comprehensive loss	2,949,917	3,168,285	3,207,180	1,375,777
Per share - basic and diluted	\$ 0.02	\$ 0.02	\$ 0.03	\$ 0.01

	March 31, 2024	December 31, 2023	September 30, 2023	June 30, 2023
Total assets	\$ 17,909,998	\$ 17,875,045	\$ 17,013,792	\$ 6,703,697
Property, plant and equipment	6,666,930	5,040,686	3,135,979	3,103,004
Working capital (deficit)	3,440,770	5,170,113	6,632,707	(305,037)
Shareholders' (deficiency) equity	4,238,202	5,437,397	6,756,306	2,373,552
Expenses	1,543,883	1,834,702	1,499,739	1,614,757
Loss and comprehensive loss	1,581,578	1,887,679	1,399,574	1,696,078
Per share - basic and diluted	\$ 0.01	\$ 0.02	\$ 0.01	\$ 0.01

The following items have had a significant impact on the quarter over quarter increase in total assets, property plant and equipment and loss and comprehensive loss, during the eight most recent quarters:

- Significant capitalization of the Company through the issuance of convertible debentures and the Royalty Debenture, receipt of government grants, including from ERA and Alberta Innovates, and the BDC Facility;
- Significant capital expenditures related to the construction of Empower Calgary; and
- Expenses reflect disciplined cost management and operational efficiency in moving the Company's growth strategy forward.

CRITICAL ACCOUNTING ESTIMATES

Management is often required to make judgements, assumptions and estimates in the application of International Financial Reporting Standards that have a significant impact on the financial results of the Company. A comprehensive discussion of the Company's significant accounting policies is contained in note 4 to the annual financial statements.

RISKS AND UNCERTAINTIES

Management defines risk as the evaluation of probability that an event might happen in the future that could negatively affect the financial condition and / or results of operations of the Company. The risks that could affect the Company have been described in the MD&A of the Company for the year ended December 31, 2024 which is available on the Company's website at www.northstarcleantech.com and is also available on the SEDAR+ website at <https://www.sedarplus.ca>. The risks identified therein do not constitute an exhaustive list of all possible risks as there may be additional risks of which management is currently unaware.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

The Company's management is responsible for establishing and maintaining adequate internal control over financial reporting. Any system of internal control over financial reporting, no matter how well designed, has inherent limitations. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation.

The Company has controls and procedures in place to ensure that information required to be disclosed by the Company under securities legislation is recorded, processed, summarized, and reported within the appropriate time periods and that required information is accumulated and communicated to the Company's management so that decisions can be made about the timely disclosure of that information.

FORWARD LOOKING STATEMENTS

This report includes certain statements that may be deemed "forward-looking statements" within the meaning of applicable securities legislation. All statements, other than statements of historical facts that address such matters as future events or developments that the Company expects, are forward-looking statements and, as such, are subject to risks, uncertainties, assumptions and other factors of which are beyond the reasonable control of the Company. You can identify these statements by forward-looking words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", "forecast", "budget", "hopes", "objective" and similar expressions, or that events or conditions "will", "would", "may", "could", "can", "should" or "might" occur and similar words. Such statements give the Company's current expectations or forecasts of future events and are not guarantees of future performance and actual results or developments may differ materially from those expressed in, or implied by, this forward-looking information. With respect to forward-looking statements and information contained herein, we have made numerous assumptions including among other things, with respect to anticipated costs and expenditures, and the Company's ability to achieve its goals. Although management believes that the assumptions made and the expectations represented by such statements or information are reasonable, there can be no assurance that a forward-looking statement or information herein will prove to be accurate. Forward-looking statements and information by their nature are based on assumptions and involve known and unknown risks, uncertainties and other factors which may cause our actual results, performance or achievements, or industry results, to be materially different from any future results, performance or achievements expressed

or implied by such forward-looking statements or information. Factors that could cause actual results to differ materially from those in forward-looking statements include, for example, such matters as continued availability of capital and financing and general economic, market or business conditions as well as risks associated with foreign trade policies, including the imposition of or changes to U.S. tariffs, which may impact input costs, supply chain dynamics, or future cross-border expansion. Although we have attempted to identify factors that would cause actual actions, events or results to differ materially from those disclosed in the forward-looking statements or information, there may be other factors that cause actual results, performances, achievements or events to differ materially from those anticipated, estimated or intended. Accordingly, readers should not place undue reliance on forward-looking statements or information. Any forward-looking statements are expressly qualified in their entirety by this cautionary statement. The information contained herein is stated as of the current date and subject to change after that date and the Company does not undertake any obligation to update publicly or to revise any of the forward-looking statements, whether as a result of new information, future events or otherwise, except as may be required by applicable securities laws.

ADDITIONAL INFORMATION

Additional information regarding the Company can be found on SEDAR+ at www.sedarplus.ca.