



## **MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED JUNE 30, 2025**

The following management's discussion and analysis ("MD&A") was prepared as of August 26, 2025 and is management's assessment of the historical financial and operating results of Northstar Clean Technologies 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 and six months ended June 30, 2025, as well as the audited consolidated financial statements and notes thereto for the year ended December 31, 2024 and the Company's MD&A for the year ended December 31, 2024.

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 August 26, 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 waste to value technology company focused on the sustainable recovery and reprocessing of asphalt shingles. Northstar developed and owns a proprietary design process for taking discarded asphalt shingles, otherwise destined for already over-crowded landfills, and extracts the liquid asphalt for use in new hot mix asphalt shingle manufacturing and asphalt flat roof systems while also extracting 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 with its first commercial scale up facility in Calgary, Alberta (“Empower Calgary”). As an emerging innovator in sustainable processing, Northstar’s mission aims at leading the recovery and reprocessing of asphalt shingles in North America that would otherwise be sent to landfill addressing numerous stakeholder objectives.

Northstar has developed a proprietary design process known as the Bitumen Extraction & Separation Technology to break down the components of single-use asphalt shingles, that would otherwise be sent to landfills, 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 is now complete along with commissioning of all major processing units. Following the end of the second quarter of 2025, the Company announced the successful production of its first liquid asphalt. Commercial operations are expected to begin in the second half of 2025.

The Company listed its common shares on the TSX Venture Exchange (the “TSX-V”) 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 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 June 30			Six months ended June 30		
	2025	2024	% change	2025	2024	% change
Loss and comprehensive loss	\$3,130,135	\$ 1,375,777	128%	\$ 6,080,052	\$ 2,957,355	106%
Per share – basic and diluted	0.02	0.01	112%	0.05	0.02	94%
Net cash flow used in operating activities	918,205	605,773	52%	3,256,857	1,806,941	80%
Per share – basic and diluted	0.01	0.00	100%	0.02	0.01	100%
<i>Capital expenditures</i>						
Capital expenditures	1,946,558	4,094,208	(52)%	6,027,047	5,942,486	1%
<i>Liquidity &amp; Capitalization</i>						
Working capital (deficit) surplus	(1,697,301)	3,446,112		(1,697,301)	3,446,112	
7.95% senior secured non-revolving loan <sup>(1)</sup>	8,750,000	-		8,750,000	-	
Convertible debentures, principal amount <sup>(2)</sup>	9,305,000	10,405,000		9,305,000	10,405,000	
Royalty Debenture <sup>(3)</sup>	15,141,000	-		15,141,000	-	
<i>Common shares outstanding</i>						
Weighted average - basic and diluted	136,448,577	127,424,597	7%	134,705,200	127,067,489	6%
Outstanding, end of period	137,476,985	127,432,533	8%	137,476,985	127,432,533	8%

<sup>(1)</sup> As at June 30, 2025, \$8.75 million was outstanding under the Company's non-revolving senior secured debt facility (the "BDC Facility") with the Business Development Bank of Canada ("BDC"). The loan carries a 13-year amortization period beginning June 30, 2025. See Note 8 in the Company's Interim Consolidated Financial Statements as at June 30, 2025.

<sup>(2)</sup> 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 June 30, 2025, principal amounts totalling \$9,305,000 remain outstanding, reflecting \$1,100,000 of proceeds received in exchange for conversion into common shares. See Note 9 in the Company's Interim Consolidated Financial Statements as at June 30, 2025.

<sup>(3)</sup> 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 10 in the Company's Interim Consolidated Financial Statements as at June 30, 2025.

During the second quarter of 2025, the Company advanced commissioning activities across all major processing units at Empower Calgary, which had reached substantial construction completion earlier in the year. Capital expenditures decreased to \$1.9 million in the second quarter of 2025, down from \$4.1 million in the second quarter of 2024 reflecting tapering of construction activity as the Empower Calgary facility neared completion. Subsequent to quarter-end, the Company announced the successful production of its first liquid asphalt. Commercial operations are expected to commence in the second half of 2025, following the satisfactory completion of commissioning efforts.

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 (Alberta). 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 certain commissioning and operational milestones.

On May 20, 2025, the Company announced it had completed all criteria necessary and received all remaining amounts under its \$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 13-year period on a monthly basis.

On June 30, 2025 the Company received a non-binding Letter of Interest (“LOI”) from Export Development Canada (“EDC”) for EDC to provide potential financial support, subject to the successful completion of its due diligence process, for the Company's first planned shingle reprocessing facility in the United States (“US Facility#1”) and subject to a number of conditions and outcomes, potential funding support for an additional three Northstar processing facilities in the United States. The LOI stipulates that EDC would maintain a first ranking, or senior secured position, on the underlying assets of such facilities and maintain the ability to co-lend with other debt providers. Under the LOI, EDC could extend credit up to \$12.5 million. Financial and reporting covenants, guarantees and pricing would apply and the parties intend to finalize such details as part of ongoing discussions. EDC due diligence will require, among other matters, sufficient comfort on the commercialization of the Empower Calgary facility, completion support for US Facility#1 involving cost overrun protections, and equity contributions from one or more parties prior to any draws under an EDC debt facility.

Earlier in the year, the Company progressed its Canadian growth plans through a non-binding letter of intent with YORK1 Environmental Waste Solutions Ltd. to form a strategic alliance for the supply of waste roofing shingles to the Company's planned facility in southwestern Ontario (the “Hamilton Facility”) alongside a separate non-binding letter of intent with Great Lakes Port Management Inc. for a long term lease of the proposed facility site.

Subsequent to the end of the quarter:

- On July 10, 2025, the Company announced that Empower Calgary produced its first liquid asphalt along with the commissioning of all major processing units which demonstrates an important derisking of the Company's technology and intellectual property.
- On July 28, 2025 the Company announced the closing of a non-brokered private placement of 11,926,664 units of the Company (each, a “Unit”) at a purchase price of \$0.30 per Unit for aggregate gross proceeds of approximately \$3.6 million (the “Financing”) to transition the Company to commercial operations and fund ongoing business development efforts for Hamilton and US Facility#1. Each Unit consists of one common share of the Company and one common share purchase warrant (each, a “Warrant”) with each such Warrant entitling the holder thereof to acquire one additional common share (each, a “Warrant Share”) at an exercise price of \$0.45 per Warrant Share for a period of 36 months following closing of the Financing. In connection with the financing, the Company paid cash finder's fees totaling \$179,337 and issued 597,787 non-transferable broker warrants, each exercisable at \$0.30 for one common share for a period of 36 months following closing of the Financing.

## RESULTS OF OPERATIONS

	Three months ended June 30			Six months ended June 30		
	2025	2024	% change	2025	2024	% change
<i>(\$, except where noted)</i>						
Revenue - tipping fees	\$ 142,487	\$ 240,114	(41)%	\$ 318,004	310,714	2%
Loss from operating activities	\$ 1,955,471	\$ 1,350,524	45%	\$ 3,746,284	\$ 2,823,807	33%
Loss from other items	1,174,664	415,424	183%	2,333,768	623,653	274%
Loss and comprehensive loss	3,130,135	1,375,777	128%	6,080,052	2,957,355	106%
Basic and diluted loss per share	\$ 0.02	\$ 0.01	100%	\$ 0.05	\$ 0.02	150%

During the three and six months ended June 30, 2025 the Company remained in its pre-revenue phase, as it prepares for commencement of commercial operations, anticipated in the second half of 2025. The loss and comprehensive loss for the three and six month periods ended June 30, 2025 increased to \$3.1 million and \$6.1 million, respectively, from \$1.4 million and \$3.0 million in the same periods of 2024. The following discussion outlines the key factors contributing to the increased loss and comprehensive loss in 2025 relative to the prior-year periods.

### Revenue

Northstar anticipates five revenue streams, four of which relate directly to the recovery and reprocessing of asphalt shingles, with a fifth related to the potential of carbon credits. 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 and six months ended June 30, 2025, tipping fees at Empower Calgary were \$142,487 and \$318,004, respectively. Tipping fees were \$240,114 and \$310,714 during the three and six months ended June 30, 2024, respectively. Tonnes collected for the comparable six-month period were consistent however the respective three-month periods saw a 41% decrease due to capacity constraints at the Calgary facility.

### Loss from operating activities

	Three months ended June 30			Six months ended June 30		
(\$, except where noted)	2025	2024	% change	2025	2024	% change
Revenue - tipping fees	\$ 142,487	\$ 240,114	(41)%	\$ 318,004	\$ 310,714	2%
Cost of shingle collection	52,293	(142,524)	(137)%	(171,014)	(142,524)	20%
	194,780	97,590	100%	146,990	168,190	(13)%
Expenses						
General and administrative	1,307,161	921,978	42%	2,268,926	1,622,728	40%
Depreciation and amortization	328,050	320,841	2%	653,444	641,111	2%
Share based compensation	137,436	21,540	538%	332,260	307,035	8%
Rent, utilities and site costs	324,259	151,426	114%	504,805	356,761	41%
Insurance	53,345	32,329	65%	133,839	64,362	108%
Loss from operating activities	\$ (1,955,471)	\$ (1,350,524)	45%	\$ (3,746,284)	\$ (2,823,807)	33%

During the three and six months ended June 30, 2025, the loss from operating activities increased to \$2.0 million and \$3.8 million, respectively, from \$1.4 million and \$2.8 million in the same periods of 2024 driven primarily by increased general and administrative ("G&A") expenses. The increase in G&A expenses of \$385,183 and \$646,198 during the three and six months ended June 30, 2025, respectively, reflect 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 primarily consist of financing costs associated with the Company's long-term liabilities and the fair value re-measurement of the Royalty Debenture. During the three and six months ended June 30, 2025, other items increased to \$1.2 million and \$2.3 million, respectively, from \$415,424 and \$623,653 in the same period of 2024. Interest and financing expense increased by \$493,048 and \$967,312 compared to the same periods in 2024 due to interest expense incurred on new issuances of convertible debentures over the comparable periods at rates ranging from 10% to 12.5%, and interest expense on a larger draw portion of the BDC Facility period over period, at the rate of 7.95%. Other items also include the fair value loss on re-measurement of the Royalty Debenture totaling \$367,500 during the three months ended June 30, 2025 (three months ended June 30, 2024 - \$Nil) and \$721,000 during the six months ended June 30, 2025 (six months ended June 30, 2024 - \$Nil).

## CAPITALIZATION AND FINANCIAL RESOURCES

### Capital Expenditures

	Three months ended June 30		Six months ended June 30	
(\$, except where noted)	2025	2024	2025	2024
Empower Calgary	\$ 1,765,974	\$ 4,083,190	\$ 5,670,316	\$ 5,931,468
Corporate	2,490	11,018	9,059	11,018
	1,768,464	4,094,208	5,679,375	5,942,486
Capitalized interest	178,094	-	347,672	-
Capital expenditures	\$ 1,946,558	\$ 4,094,208	\$ 6,027,047	\$ 5,942,486

During the second quarter of 2025, the Company advanced commissioning activities across all major processing units at Empower Calgary, which reached substantial construction completion earlier in the year. Capital expenditures decreased to \$1.9 million during the three months ended June 30, 2025 from \$4.1 million in the same 2024 period reflecting the tapering of construction activities as the Empower Calgary facility neared completion. Subsequent to quarter-end, the Company announced the successful production of its first liquid asphalt. Commercial operations at the Empower Calgary facility, the Company's first commercial facility, designed and engineered with an estimated 150 tonnes per day of asphalt processing capacity, are expected to begin during the second half of 2025, following the satisfactory completion of commissioning efforts.

During the six months ended June 30, 2025 capital expenditures were \$6.0 million, consistent with 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. Management anticipates that future facilities may benefit from design and construction efficiencies, leading to capital efficiencies, as Empower Calgary incurred several one-time expenses related to facility engineering, module design, first of a kind construction and commissioning and operational improvements. While these learnings are expected to guide future projects, the extent of capital efficiencies may vary depending on site-specific factors.

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

(\$, except where noted)	June 30, 2025	December 31, 2024
<b>Balance, beginning of period</b>	\$ 7,884,349	\$ -
Secured 7.95% senior secured non-revolving loan proceeds	617,698	8,132,302
Repayment of loan	(57,600)	
Interest accretion and transaction costs	(17,424)	(247,953)
<b>Balance, end of period</b>	8,427,023	7,884,349
Less current portion	(672,960)	(394,080)
<b>Long term portion</b>	<b>\$ 7,754,063</b>	<b>\$ 7,490,269</b>

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. During the second quarter of 2025, the Company completed its final draw, receiving \$617,698 (less transaction costs of \$38,176), 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 ended on June 30, 2025. The annual interest rate of the BDC Facility is 7.95% for five years. 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. subsidiary 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.

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	June 30, 2025	December 31, 2024
December 2022	December 2025	\$ 1,035,000	\$ 1,270,000
February 2023	February 2026	525,000	625,000
December 2023	December 2026	1,910,000	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
<b>Balance, end of period</b>		<b>\$ 9,305,000</b>	<b>\$ 10,000,000</b>
Less current portion		(1,560,000)	-
<b>Long term portion</b>		<b>\$ 7,745,000</b>	<b>\$ 10,000,000</b>

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 at June 30, 2025, convertible debentures with an aggregate principal amount of \$9.3 million were outstanding, with \$1.6 million due within the next 12 months. During the three and six months ended June 30, 2025, \$200,000 and \$695,000, respectively, have been converted (\$1.1 million since date of issue) by holders electing to convert their debentures into common shares.

### Royalty Debenture

	June 30, 2025	December 31, 2024
Balance, beginning of period	\$ 14,420,000	\$ -
Fair value at issuance	-	14,000,000
Increase in fair value	721,000	420,000
<b>Balance, end of period</b>	<b>\$ 15,141,000</b>	<b>\$ 14,420,000</b>

On September 13, 2024, the Company closed a royalty transaction, pursuant to which CVW provided the Company with a total of \$14.0 million in funding through the Royalty Debenture, convertible into revenue royalties on future facilities. Upon the achievement of certain volume and financial milestones, the balance outstanding will convert into 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 build-out and general corporate purposes.



## CASH FLOW SUMMARY

	Three months ended June 30			Six months ended June 30		
	2025	2024	% change	2025	2024	% change
<i>(\$, except where noted)</i>						
Net cash provided by (used in):						
Operating activities	\$ (918,205)	\$ (605,773)	52%	\$ (3,256,857)	\$ (1,806,941)	80%
Investing activities	470,852	(3,939,623)	(112)%	(4,334,795)	(5,574,281)	(22)%
Financing activities	(361,276)	4,125,892	(109)%	(588,932)	5,158,764	(111)%
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	(3,331)	55,790	(106)%	(3,898)	197,917	(102)%
<b>Net change in cash and cash equivalents</b>	<b>\$ (811,960)</b>	<b>\$ (363,714)</b>	<b>123%</b>	<b>\$ (8,184,482)</b>	<b>\$ (2,024,541)</b>	<b>304%</b>

Net cash used in operating activities during the three and six months ended June 30, 2025 increased by \$312,432 and \$1.4 million, respectively, compared to the same periods of 2024, primarily due to an increase in staff levels and increased operating expenses at Empower Calgary as the Company prepares for operational readiness.

Net cash used in investing activities during the three and six months ended June 30, 2025 decreased by \$4.4 million and \$1.2 million, respectively, compared to the same periods of 2024 primarily due to larger grant proceeds received of \$3.6 million in 2025 compared to \$1.4 million in 2024, which offset capital expenditures.

During the three months ended June 30, 2025, net cash used in financing activities was \$361,277, compared to net cash provided of \$4.1 million in the same period of 2024. The variance is primarily due to the absence of convertible debenture issuances in the current period, whereas the prior-year quarter included \$4.5 million in net proceeds from such issuances. For the six months ended June 30, 2025, net cash used in financing activities totaled \$588,933 compared to net cash provided of \$5.2 million in the same period of 2024. The variance is mainly attributable to the \$5.8 million in net proceeds from convertible debentures issued in the prior year, which were not repeated in the current period.

In both the three and six-month periods of 2025, cash outflows were also impacted by higher interest payments on convertible debentures issued in prior periods to finance the Empower Calgary project, and interest payments on the BDC Facility at the rate of 7.95%. These interest payments reflect the ongoing cash obligations associated with prior-year debt financing used to support the development and construction of Empower Calgary.

Other financing activity during the six months ended June 30, 2025 include loan proceeds of \$617,698 and \$427,853 received from the exercise of warrants and options, which partially offset the overall financing outflows.

## OFF-BALANCE SHEET ARRANGEMENTS

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

## SHARES OUTSTANDING

At June 30, 2025, the Company had the following share capital instruments outstanding or exercisable:

<b>Common Shares:</b>	
Outstanding at December 31, 2024	130,875,408
Conversion of convertible debentures	3,140,000
Exercise of warrants <sup>(1)</sup>	1,970,808
Issued upon vesting and release of equity-settled RSUs and PSUs	1,316,349
Exercise of options	174,420
<b>Common shares outstanding as at June 30, 2025</b>	<b>137,476,985</b>
<b>Convertible securities:</b>	
Equity-settled RSUs and PSUs	1,005,352
Stock options outstanding	9,669,623
Warrants	51,667,917
<b>Convertible securities as at June 30, 2025</b>	<b>62,342,892</b>
<b>Preferred Shares</b>	
<b>Outstanding as at June 30, 2025</b>	<b>29,244,756</b>

<sup>(1)</sup> Warrants were exercised at the price of \$0.20 per common share, resulting in cash proceeds received of \$394,162.

Subsequent to the end of the period, the Company had the following share capital instruments outstanding and exercisable as at August 26, 2025:

	<b>Units</b>
<b>Common shares:</b>	
Outstanding as at June 30, 2025	137,476,985
Private Placement	11,926,664
Conversion of convertible debentures	900,000
Exercise of warrants <sup>(1)</sup>	20,300
<b>Outstanding as at August 26, 2025</b>	<b>150,323,949</b>
<b>Convertible securities granted and outstanding:</b>	
Equity-settled RSUs and PSUs	2,741,445
Stock options outstanding	12,092,389
Warrants	64,172,068
<b>Convertible securities as at August 26, 2025</b>	<b>79,005,902</b>
<b>Preferred Shares</b>	
<b>Outstanding as at August 26, 2025</b>	<b>29,244,756</b>

<sup>(1)</sup> Warrants were exercised at the price of \$0.20 per common share, resulting in cash proceeds received of \$4,060.

## CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The information presented in the table below reflects management's estimate of the contractual maturities of obligations at June 30, 2025. These estimates may differ significantly from the actual maturities of these obligations.

Commitments	2025	2026	2027	2028	2029	Thereafter	Total
<b>Variable office lease costs</b>							
Northstar <sup>(i)</sup>	\$ 14,268	\$ 28,536	\$ 28,536	\$ 28,536	\$ 28,536	\$ 2,378	\$ 130,790
Empower Calgary <sup>(ii)</sup>	59,250	118,500	118,500	118,500	118,500	1,184,999	1,718,249
Empower Delta <sup>(iii)</sup>	122,020	244,041	244,041	244,041	244,041	2,684,448	3,782,632
	195,538	391,077	391,077	391,077	391,077	3,871,825	5,631,671
<b>Other obligations</b>							
<b>Lease Liabilities</b>							
Northstar <sup>(i)</sup>	28,184	56,368	57,983	59,744	59,891	4,991	267,161
Empower Calgary <sup>(ii)</sup>	419,884	849,323	860,980	872,869	884,997	10,280,414	14,168,467
Empower Delta <sup>(iii)</sup>	304,919	875,653	897,544	919,983	942,982	12,065,978	16,007,059
	752,987	1,781,344	1,816,507	1,852,596	1,887,870	22,351,383	30,442,687
Loan Payable <sup>(iv)</sup>	336,480	672,960	672,960	672,960	672,960	5,664,080	8,692,400
Interest on Loan Payable <sup>(iv)</sup>	342,198	639,659	586,158	532,717	479,154	1,912,870	4,492,756
Convertible Debenture <sup>(v)</sup>	1,035,000	2,435,000	5,835,000	-	-	-	9,305,000
Royalty Debenture <sup>(v)</sup>	-	-	-	-	15,141,000	-	15,141,000
<b>Total other obligations</b>	<b>\$ 2,466,665</b>	<b>\$ 5,528,963</b>	<b>\$ 8,910,625</b>	<b>\$ 3,058,273</b>	<b>\$ 18,180,984</b>	<b>\$ 29,928,333</b>	<b>\$ 68,073,843</b>
<b>Total commitments and obligations</b>	<b>\$ 2,662,203</b>	<b>\$ 5,920,040</b>	<b>\$ 9,301,702</b>	<b>\$ 3,449,350</b>	<b>\$ 18,572,061</b>	<b>\$ 33,800,158</b>	<b>\$ 73,705,514</b>

- (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) The BDC Facility has a 13-year repayment period and annual interest rate of 7.95% for five years.
- (v) Principal payments only, excludes interest.

## CAPITAL MANAGEMENT

The Company's capital consists of cash and cash equivalents, debt, convertible debt and shareholders equity. 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 Company's 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's debt obligations include: the \$8.75 million non-revolving senior secured loan payable with BDC, which carries a 13-year amortization period and a fixed five-year interest rate of 7.95%, payable monthly; various convertible debentures

with a principal balance of \$9.3 million as at June 30, 2025 and interest rates ranging from 10% to 12.5% convertible into common shares at the option of holders; and a \$15.1 million five-year 10% second secured Royalty Debenture convertible into revenue royalties on two future facilities, on which no principal payments are permitted and interest is paid semi-annually or, at the election of the Company, added to the principal. As at June 30, 2025 \$2.2 million of the Company's debt obligations are due within the next 12 months.

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 June 30, 2025. The Company is not subject to externally imposed capital requirements.

## RELATED PARTY TRANSACTIONS

- (a) As at June 30, 2025, accounts payable and accrued liabilities include \$387,747 (December 31, 2024 - \$350,837) owing to key management personnel related to annual performance bonuses. The amounts are unsecured and non-interest bearing.
- (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 June 30			Six months ended June 30		
	2025	2024	% change	2025	2024	% change
<i>(\$, except where noted)</i>						
Share-based compensation	\$ 78,623	\$ 26,826	193%	\$ 231,442	\$ 198,153	17%
Wages and benefits	287,746	394,875	(27)%	609,674	613,737	(1)%
	\$ 366,369	\$ 421,701	(13)%	\$ 841,116	\$ 811,890	4%

- (c) During the six months ended June 30, 2025, the amount of \$Nil (December 31, 2024 - \$50,000) was received in convertible debenture proceeds by officers or directors of the Company.
- (d) During the period ended June 30, 2025, the Company issued 1,088,590 (June 30, 2024 - 308,903) common shares to key management personnel for equity-settled RSUs and PSUs for 249,499 and 839,091 common shares, respectively (June 30, 2024 - 71,285 and 237,618 common shares, respectively).

## SUMMARY OF QUARTERLY RESULTS

	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Total assets	\$ 46,300,681	\$ 49,378,626	\$ 45,728,755	\$ 36,949,134
Property, plant and equipment	24,659,020	26,396,070	22,418,635	15,694,999
Working capital (deficit)	(1,697,301)	(426,551)	4,839,707	9,794,657
Shareholders' (deficiency) equity	(48,282,896)	(3,462,176)	(1,333,578)	1,199,210
Expenses	2,150,251	1,743,023	2,270,470	1,473,856
Loss and comprehensive loss	3,130,135	2,949,917	3,168,285	3,207,180
Per share - basic and diluted	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.03

  

	June 30, 2024	March 31, 2024	December 31, 2023	September 30, 2023
Total assets	\$ 20,683,139	\$ 17,909,998	\$ 17,875,045	\$ 17,013,792
Property, plant and equipment	9,348,796	6,666,930	5,040,686	3,135,979
Working capital (deficit)	3,446,112	3,440,770	5,170,113	6,632,707
Shareholders' (deficiency) equity	4,244,205	4,238,202	5,437,397	6,756,306
Expenses	1,448,114	1,543,883	1,834,702	1,499,739
Loss and comprehensive loss	1,375,777	1,581,578	1,887,679	1,399,574
Per share - basic and diluted	\$ 0.01	\$ 0.01	\$ 0.02	\$ 0.01

The following items have had a significant impact on the quarter over quarter change 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 with increases over the period largely related to increased staffing as the Company prepares for commercial operations.

## 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 Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2024.

## 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](http://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](http://www.sedarplus.ca).