CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three and Nine Months Ended September 30, 2025 and 2024
(Unaudited - Expressed in Canadian dollars)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

	Note	September 30, 2025	December 31, 2024 (Audited)
Assets			
Current assets			
Cash and cash equivalents		$ 1,971,930	$ 10,225,904
Receivables		54,031	93,051
Net GST receivable		122,553	426,851
Inventories	3	110,745	-
Prepaids		81,682	244,146
		2,340,941	10,989,952
Non-Current			
Right-of-use asset	4	15,975,556	10,143,130
Deposits	4	2,126,030	2,059,546
Property, plant and equipment	5	26,265,937	22,418,635
Intangible assets	7	126,109	101,579
Deferred financing costs	8	-	15,913
Total assets		$ 46,834,573	$ 45,728,755
Liabilities			
Current			
Accounts payable and accrued liabilities	15	$ 2,725,986	$ 5,038,438
Equity-based compensation payable	13	38,294	51,882
Loans payable	8	672,960	394,080
Convertible debentures	9	1,714,856	53,914
Contract liability	12	926,084	-
Lease liability	4	77,085	611,931
		6,155,265	6,150,245
Non-Current			
Loans payable	8	7,589,521	7,490,269
Convertible debentures	9	5,967,688	7,356,677
Royalty debenture	10	15,512,175	14,420,000
Contract liability	12	1,852,168	2,778,252
Lease liabilities	4	15,986,098	8,866,890
Total Liabilities		53,062,915	47,062,333
Shareholders' (deficiency)			
Common shares	11	33,524,409	28,909,096
Preferred shares	12	5,631,271	5,631,271
Reserves	13	6,828,975	6,325,090
Shares to be issued		17,878	3,809
Deficiency		(52,230,875)	(42,202,844)
Total shareholders’ (deficiency)		(6,228,342)	(1,333,578)
Total liabilities and shareholders’ (deficiency)		$ 46,834,573	$ 45,728,755

Nature and continuance of operations and Going Concern (Note 1)
Commitments (Note 19)
Subsequent event (Note 20)

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

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian dollars, except for share information)

		Three Months Ended September 30		Nine Months Ended September 30	
	Notes	**2025**	**2024**	**2025**	**2024**
Revenue					
Tipping fees		$ 121,930	$ 164,669	$ 439,934	$ 475,383
Cost of shingle collection	6	(114,131)	(202,766)	(285,145)	(345,290)
		7,799	(38,097)	154,789	130,093
Expenses					
General and administrative	14,15	1,407,918	879,736	3,676,844	2,502,464
Depreciation and amortization	4,5,7	323,574	322,369	977,018	963,480
Share-based compensation	13,15	359,635	86,884	691,895	393,919
Rent, utilities and site costs		465,851	135,454	970,656	492,215
Insurance		68,448	49,413	202,287	113,775
		(2,625,426)	(1,473,856)	(6,518,700)	(4,465,853)
Loss from operating activities		(2,617,627)	(1,511,953)	(6,363,911)	(4,335,760)
Other items					
Interest and finance expense	4,9	(922,820)	(628,259)	(2,677,941)	(1,416,068)
Transaction costs	10	-	(986,239)	-	(986,239)
Fair value re-measurement of royalty debenture	10	(371,175)	(70,000)	(1,092,175)	(70,000)
Foreign exchange (loss) gain		(3,424)	(11,349)	11,039	150,225
Loss on sale of non-core assets		(35,622)	-	(35,622)	-
Interest income		2,689	620	43,665	3,202
Tax recoveries - GST		-	-	86,914	-
		(1,330,352)	(1,695,227)	(3,664,120)	(2,318,880)
Loss before income taxes		(3,947,979)	(3,207,180)	(10,028,031)	(6,654,640)
Income tax recovery		-	-	-	490,105
Loss and comprehensive loss		**$ (3,947,979)**	**$ (3,207,180)**	**$ (10,028,031)**	**$ (6,164,535)**
Basic and diluted loss per share		$ (0.03)	$ (0.03)	$ (0.07)	$ (0.05)
Weighted average number of common shares outstanding (basic and diluted)		146,511,418	127,713,206	138,683,852	127,284,299

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

Condensed Interim Consolidated Statements of Changes in Shareholders' (Deficiency)
(Unaudited - Expressed in Canadian dollars, except for share information)

	Notes	Number of Common Shares	Number of Preferred Shares	Common Shares	Preferred Shares	Shares to be issued	Reserves	Deficit	Total Shareholders' (Deficiency) Equity
Balance, December 31, 2023		**126,710,381**	**29,244,756**	**$ 28,137,042**	**$ 5,631,271**	**-**	**$ 4,539,108**	**$ (32,870,024)**	**$ 5,437,397**
PSUs and RSUs settled	11,13,15	1,656,527	-	269,793	-	-	(269,793)	-	-
Equity portion of convertible debentures	9	-	-	-	-	-	1,240,336	-	1,240,336
Conversions of convertible debentures	9	405,000	-	76,169	-	-	-	-	76,169
Broker warrants	9	-	-	-	-	-	199,705	-	199,705
Share-based payments	13,15	-	-	-	-	-	410,138	-	410,138
Loss for the period		-	-	-	-	-	-	(6,164,535)	(6,164,535)
Balance, September 30, 2024		**128,771,908**	**29,244,756**	**$ 28,483,004**	**$ 5,631,271**	**-**	**$ 6,119,494**	**$ (39,034,559)**	**$ 1,199,210**
Balance, December 31, 2024		**130,875,408**	**29,244,756**	**$ 28,909,096**	**$ 5,631,271**	**$ 3,809**	**$ 6,325,090**	**$ (42,202,844)**	**$ (1,333,578)**
Private placement	11	11,926,664	-	3,577,999	-	-	-	-	3,577,999
Share issue costs	11	-	-	(394,441)	-	-	141,258	-	(253,183)
PSUs and RSUs settled	11,13,15	1,576,815	-	266,979	-	17,878	(284,857)	-	-
Conversions of convertible debentures	9	4,340,000	-	684,643	-	-	-	-	684,643
Exercise of warrants	11,13	1,991,108	-	412,282	-	(3,809)	(14,060)	-	394,413
Exercise of options	11,13	174,420	-	67,851	-	-	(30,351)	-	37,500
Share-based payments	13,15	-	-	-	-	-	691,895	-	691,895
Loss for the period		-	-	-	-	-	-	(10,028,031)	(10,028,031)
Balance, September 30, 2025		**150,884,415**	**29,244,756**	**$ 33,524,409**	**$ 5,631,271**	**$ 17,878**	**$ 6,828,975**	**$ (52,230,875)**	**$ (6,228,342)**

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

Condensed Interim Consolidated Statements of Cash Flows
(Unaudited - Expressed in Canadian dollars)

		Three Months Ended September 30		Nine Months Ended September 30	
	Notes	**2025**	**2024**	**2025**	**2024**
Cash provided by (used in):					
Operating Activities					
Loss for the period		$ (3,947,979)	$ (3,207,180)	$(10,028,031)	$ (6,164,535)
Adjustments for:					
Depreciation and amortization	4,5,7	323,574	322,369	977,018	963,480
Interest and finance charges on loans and debentures	8,9	496,355	519,164	1,531,644	1,121,009
Interest on net investment in sublease	4	-	(619)	-	(3,202)
Share-based payments	13,15	358,868	86,884	691,895	393,919
Income tax recovery		-	-	-	(490,105)
Fair value re-measurement of royalty debenture	10	371,175	70,000	1,092,175	70,000
Interest on lease liabilities	4	423,387	85,142	1,133,471	267,339
Loss on sale of non-core assets	5	35,622	-	35,622	-
Unrealized foreign exchange loss (gain)		4,450	16,383	(10,556)	(175,463)
Changes in non-cash working capital	16	480,939	468,044	(481,376)	570,804
Net cash used in operating activities		**(1,453,609)**	**(1,639,813)**	**(5,058,138)**	**(3,446,754)**
Investing Activities					
Acquisition of property, plant and equipment	5	(1,665,409)	(6,458,443)	(7,344,784)	(12,400,929)
Deposits paid		-	-	(66,484)	(374,604)
Acquisition of intangible assets	7	(3,174)	(16,856)	(26,584)	(37,012)
Proceeds from government grants	6	-	-	3,580,114	1,389,738
Proceeds from sale of non-core assets	5	100,000	-	100,000	-
Changes in non-cash working capital	16	375,369	3,231,603	(1,422,599)	2,604,830
Net cash used in investing activities		**(1,193,214)**	**(3,243,696)**	**(5,180,337)**	**(8,817,977)**
Financing Activities					
Issuance of convertible debentures, net of issuance costs	9	-	-	-	5,822,670
Issuance of royalty debenture, net of issuance costs	10	-	13,769,235	-	13,769,235
Issuance of common shares, net of issuance costs	11	3,374,817	-	3,374,817	-
Deferred financing costs	8	(3,650)	1,719	(25,913)	(5,442)
Loan proceeds	8	-	1,542,100	617,698	1,542,100
Loan repayments and interest paid	8	(341,309)	-	(725,830)	(60,175)
Repayments of lease liabilities	4	(380,582)	(232,520)	(1,046,663)	(697,559)
Exercise of warrants	11,13	4,060	-	394,413	-
Exercise of options	11,13	-	-	37,500	-
Cash-settled PSUs and RSUs paid-out	13	-	-	(12,821)	(28,281)
Convertible debentures interest paid	9	(26,250)	(245,106)	(575,048)	(348,356)
Changes in non-cash working capital	16	(50,000)	-	(50,000)	-
Net cash provided by financing activities		**2,577,086**	**14,835,428**	**1,988,153**	**19,994,192**
Change in cash and cash equivalents		(69,737)	9,951,919	(8,250,322)	7,729,461
Effect of exchange rate changes on cash		246	(24,552)	(3,652)	173,365
Cash and cash equivalents, beginning of the period		2,041,421	5,623,770	10,225,904	7,648,311
Cash and cash equivalents, end of the period		**$ 1,971,930**	**$ 15,551,137**	**$ 1,971,930**	**$ 15,551,137**
Cash		1,170,229	15,551,137	1,170,229	15,551,137
Cash equivalents		801,701	-	801,701	-
Total cash and cash equivalents, end of the period		**$ 1,971,930**	**$ 15,551,137**	**$ 1,971,930**	**$ 15,551,137**
Cash Interest paid		$ 199,319	$ 245,108	$ 1,075,038	$ 348,358

Supplemental disclosures with respect to cash flows (Note 16).
The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Nature of operations

Northstar Clean Technologies Inc. ("Northstar" or the "Company") 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 extracting the liquid asphalt for use in new hot mix asphalt, shingle manufacturing and asphalt flat roof systems while also extracting aggregate and fiber 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 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 was incorporated on August 21, 2017 as Blocktech Ventures Inc. under the laws of the British Columbia Corporations Act. In January 2021, the Company changed its name to Northstar Clean Technologies Inc. The head office and principal address of the Company is located at 101, 12111 40th Street SE, Calgary, Alberta, Empower Calgary is located at 285081 Wrangler Way, Rocky View County, Alberta and the Company's registered and records office is 7046 Brown Street, Delta, British Columbia.

During the nine months ended September 30, 2025, construction and commissioning of the Empower Calgary facility was completed, and the facility produced its first liquid asphalt during the third quarter of 2025. Subsequent to quarter end, the Company successfully reached its first major operational goal by processing over 80 tonnes of shingle feedstock per day (Note 20).

Going concern

These condensed interim consolidated financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assumes that the Company will be able to continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Company incurred a significant loss of $10,028,031 during the nine months ended September 30, 2025 (September 30, 2024 - $6,164,535). The Company has a working capital deficiency of $3,814,324 (December 31, 2024 – working capital surplus of $4,839,707) and there is no assurance that anticipated production revenue will be sufficient to fund operations and therefore future financings may be required.

The Company has funded operations with $10,405,000 of interest-bearing convertible debentures and a $14,000,000 interest-bearing royalty debenture, of which, there are no assurances the Company will be able to generate future cash flows sufficient to repay interest and principal if not converted. In addition, on July 28, 2025, the Company completed a non-brokered private placement of 11,926,664 units at a price of $0.30 per unit for gross proceeds of $3,577,999 (Note 11). While the Company has been successful at raising funds in the past, there can be no assurance that it will be able to do so in the future or on terms that are favourable to the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

These condensed interim consolidated financial statements do not give effect to adjustments, if any, that would be necessary should the Company be unable to continue as a going concern. If the going concern assumption was not used, then the adjustments required to report the Company's assets and liabilities on a liquidation basis could be material to these consolidated financial statements.

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements ("interim consolidated financial statements") are unaudited and were prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2024, unless otherwise noted (see Note 3). The interim consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS® Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), has been omitted or condensed.

These interim consolidated financial statements have been prepared on a historical cost basis, except for certain financial instruments and other items that are measured at fair value in accordance with IFRS. The preparation of interim consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, have been set out in Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2024. These interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024.

These interim consolidated financial statements are presented in Canadian dollars ($ or C$), which is the Company's functional currency and were approved by the Company's Board of Directors on November 24, 2025.

Adoption of accounting policies

Inventory consists of used or defective asphalt shingles collected from suppliers for use as feedstock in the Company's recovery and reprocessing processes. Inventory is measured at the lower of cost and net realizable value, in accordance with IAS 2 *Inventories*. Cost includes all expenditures directly attributable to bringing inventories to their present location and condition, including allocations of direct labour, equipment usage, and overhead, as applicable. The cost of inventory is an estimate which requires judgement, determined using standard costing, and regularly reviewed and adjusted to ensure it accurately reflects the most reliable, expected costs attributable to collecting, sorting, and processing shingles for use in production. Abnormal costs, such as those arising from inefficiencies or unusual events, are expensed immediately when incurred.

The valuation of inventories is based on the lower of cost and net realizable value. Determining net realizable value requires management to make estimates regarding expected further processing costs and expected market pricing. These estimates consider current market conditions, historical trends, budget assumptions and future expectations.

The Company assesses its inventory for impairment at each reporting period to ensure that the carrying amount of inventory does not exceed its net realizable value. If the net realizable value of the inventory is lower than its carrying cost, the inventory is written down to its net realizable value, and the impairment loss is recognized in profit or loss. Assessing inventory for impairment involves judgment in evaluating future demand and technological changes. Any changes in these estimates may result in adjustments to the carrying amount of inventories and impact profit or loss.

Associated with the collection of shingles, the Company earns revenues in the form of tipping fees based on contracted rates per tonne of used or defective asphalt shingles collected from suppliers.

(Unaudited - Expressed in Canadian dollars)

3. INVENTORIES

As at September 30, 2025, the Company recognized $110,745 in inventory related to the cost of shingle collection (December 31, 2024 – $Nil). This amount includes costs incurred for shingles collected during the period which are expected to be consumed in regular operations following the completion of commissioning.

No inventory was expensed to cost of sales during the period, and there were no write-downs of inventory to net realizable value, nor reversals of previously recognized write-downs during the period.

4. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

Right-of-use assets

	September 30, 2025	December 31, 2024
Cost		
Balance, beginning of period	$ 12,276,438	$ 5,712,154
Additions/modifications	6,497,554	6,835,284
De-recognition	-	(271,000)
Balance, end of period	**18,773,992**	**12,276,438**
Accumulated depreciation		
Balance, beginning of period	**2,133,308**	**1,487,869**
Depreciation	665,128	795,995
De-recognition	-	(150,556)
Balance, end of period	**2,798,436**	**2,133,308**
Net book value	**$ 15,975,556**	**$ 10,143,130**

The Company's right-of-use assets are entirely comprised of premises for operating facilities and the head office in Calgary.

During the nine months ended September 30, 2025, the Company finalized a lease extension at Empower Delta and surrounding lands through to 2040. The Company plans to retrofit and develop a commercial facility at this site. This arrangement has been accounted for as a modification of the existing lease under IFRS 16. Effective March 1, 2025 the Company recognized an incremental right-of-use asset and corresponding lease liability of $7,144,205 using a 10% incremental borrowing rate for the lease period ending December 2040. No gain/loss was recognized. In connection with the agreement, an additional security deposit of $44,213 was capitalized as at September 30, 2025.

During the nine months ended September 30, 2025, the Company signed an amending agreement to the lease agreement for Empower Calgary, increasing the amounts of basic rent from August 1, 2025. The incremental borrowing rate was adjusted from 10% to 11.35%. This arrangement has been accounted for as a modification of the existing lease under IFRS 16. Effective August 1, 2025 the Company recognized an adjustment to incremental right-of-use assets and corresponding lease liability of $(646,651) using a 11.35% incremental borrowing rate for the lease period ending February 2050.

On December 23, 2024, the Company finalized a lease agreement for Empower Calgary, which consolidated its previously leased land with a newly constructed building that houses operational activities. The lease is effective March 1, 2025, with early occupancy established prior to the end of 2024. The lease term includes an initial 15-year term plus two optional 5-year extensions. The facility is considered critical to the Company's future operations. This arrangement has been accounted for as a modification of the existing lease under

(Unaudited - Expressed in Canadian dollars)

IFRS 16. At December 31, 2024 the Company recognized incremental right-of-use assets using a 10% incremental borrowing rate and 25-year lease period. No gain/loss was recognized. A corresponding lease liability of $5,599,913 was also recognized. The right-of-use assets were increased by $1,000,000 related to an upfront tenant improvement payment, which was paid during the nine months ended September 30, 2025. No gain/loss was recognized.

On December 1, 2024, the Company gained access to its leased head office in Calgary, with a 5-year initial lease term starting February 1, 2025, and basic rent of approximately $4,700 per month. The lease includes an option to extend for one additional 5-year term and allows termination after May 1, 2026, under certain conditions. A security deposit of $15,430 was paid upon signing the lease. At the date of occupancy, a right-of-use asset and corresponding lease liability of $235,371 were recognized.

Lease liabilities

	September 30, 2025	**December 31, 2024**
Balance, beginning of period	$ 9,478,821	$ 4,293,283
Additions	6,497,554	5,835,284
Lease payments	(1,046,663)	(999,684)
Interest accretion on lease liability	1,133,471	349,938
Balance, end of period	**16,063,183**	**9,478,821**
Less current portion	(77,085)	(611,931)
Non-current portion	**$ 15,986,098**	**$ 8,866,890**

Variable lease payments for the three and nine months ended September 30, 2025 are $168,984 and $393,157, respectively. For the three and nine months ended September 30, 2024, variable lease payments were $67,056 and $232,047, respectively. These amounts have been excluded from Right-of-Use Assets and Lease Liabilities.

As of September 30, 2025, deposits related to right-of-use assets include $500,283 related to Empower Delta, $18,043 related to the Calgary head office and $1,607,704 related to Empower Calgary (December 31, 2024 - $456,070 related to Empower Delta, $25,472 related to the Calgary head office, and $1,578,004 related to Empower Calgary). Of the Empower Calgary deposit, $1,000,000 is refundable after 2030, and the remainder is refundable after 2035.

(Unaudited - Expressed in Canadian dollars)

5. PROPERTY, PLANT AND EQUIPMENT

	Processing Equipment	Storage Facility	Construction in Progress	Furniture and Fixtures	Leasehold Improvements	Total
Balance – December 31, 2023	**$ 3,532,945**	**$ 56,468**	**$ 2,623,032**	**$ 32,295**	**$ 6,001**	**$ 6,250,741**
Additions	-	-	19,194,553	67,321	-	19,261,874
Government grants	-	-	(1,389,738)	-	-	(1,389,738)
Balance – December 31, 2024	**$ 3,532,945**	**$ 56,468**	**$ 20,427,847**	**$ 99,616**	**$ 6,001**	**$ 24,122,877**
Additions	-	-	7,863,815	9,059	-	7,872,874
Government grants	-	-	(3,580,114)	-	-	(3,580,114)
Disposals	(288,882)	-	-	-	-	(288,882)
Balance – September 30, 2025	**$ 3,244,063**	**$ 56,468**	**$ 24,711,548**	**$ 108,675**	**$ 6,001**	**$ 28,126,755**
Accumulated Depreciation						
Balance – December 31, 2023	**$ 1,162,954**	**$ 30,257**	**$ -**	**$ 13,594**	**$ 3,250**	**$ 1,210,055**
Additions	473,998	5,242	-	12,196	2,751	494,187
Balance – December 31, 2024	**$ 1,636,952**	**$ 35,499**	**$ -**	**$ 25,790**	**$ 6,001**	**$ 1,704,242**
Additions	284,193	3,145	-	22,498	-	309,836
Disposals	(153,260)	-	-	-	-	(153,260)
Balance – September 30, 2025	**$ 1,767,885**	**$ 38,644**	**$ -**	**$ 48,288**	**$ 6,001**	**$ 1,860,818**
Net Book Value						
Balance – December 31, 2024	**$ 1,895,993**	**$ 20,969**	**$ 20,427,847**	**$ 73,826**	**$ -**	**$ 22,418,635**
Balance – September 30, 2025	**$ 1,476,178**	**$ 17,824**	**$ 24,711,548**	**$ 60,387**	**$ -**	**$ 26,265,937**

Construction in progress consists of property, plant and equipment related to the development of the Company's Empower Calgary facility. Commensurate with the successful start-up of commercial operations, the Company will begin depreciating these assets.

During the nine months ended September 30, 2025 the Company allocated $3,580,114 of grant proceeds received from Emissions Reduction Alberta/ ("ERA") to construction in progress (December 31, 2024 - $1,289,738 from ERA and $100,000 from Alberta Innovates) (Note 6).

During the nine months ended September 30, 2025 the Company attributed interest expense of $528,090 (December 31, 2024 - $109,515) to construction in progress.

6. GOVERNMENT GRANTS

Empower Calgary and ERA signed a contribution agreement (the "Contribution Agreement") dated July 31, 2023, whereby ERA agreed to fund up to $7,088,856 (the "ERA Grant") for the development and construction of Empower Calgary. The Contribution Agreement contains four funding milestones, payments for which are subject to specific criteria.

During the nine months ended September 30, 2025, the Company received ERA approval and a payment of $3,864,474 related to Milestone 2 under the Contribution Agreement. This milestone required, among other criteria, the substantial completion of the Empower Calgary facility, as defined in the Builder's Lien Act. Of the total amount received, the Company allocated $3,580,114 to capitalized construction in progress (Note 5). The remaining funds were attributed as follows: $132,779 to cost of shingle collection and $151,400 to general and administrative expenses, consistent with the original classification of eligible expenditures under the Contribution Agreement. During the year ended December 31, 2024, the Company received ERA approval and payment of $1,340,722 related to Milestone 1 related to the Contribution Agreement, which required, among other criteria, the completion of 75% of detailed engineering and design for Empower Calgary. Of this amount, $1,289,738 was allocated to construction in progress (Note 5), with the remainder attributed to general and administrative expenses.

(Unaudited - Expressed in Canadian dollars)

As at September 30, 2025 total funding received by the Company was $5,205,196 related to the ERA Grant with approximately $1,883,660 remaining outstanding under the Contribution Agreement. On October 28, 2025 the Company announced that Empower Calgary processed over 80 tonnes of shingle feedstock per day meeting the requirements of ERA's next target, Milestone 3. The Company anticipates receiving over $700,000 from ERA associated with the delivery of this Milestone (Note 20).

7. INTANGIBLE ASSETS

	Patents in Process	Patents	Total
Balance – December 31, 2023	**$ 27,866**	**$ 14,953**	**$ 42,819**
Additions	40,868	20,631	61,499
Transfers	(16,175)	16,175	-
Balance – December 31, 2024	**$ 52,559**	**$ 51,759**	**$ 104,318**
Additions	18,540	8,044	26,584
Transfers	(19,140)	19,140	-
Balance – September 30, 2025	**$ 51,959**	**$ 78,943**	**$ 130,902**
Accumulated amortization			
Balance – December 31, 2023	**$ -**	**$ 2,739**	**$ 2,739**
Amortization	-	1,666	1,666
Balance – December 31, 2024	**$ -**	**$ 2,739**	**$ 2,739**
Amortization	-	2,054	2,054
Balance – September 30, 2025	**$ -**	**$ 4,793**	**$ 4,793**
Net book value			
Balance – December 31, 2024	**$ 52,559**	**$ 49,020**	**$ 101,579**
Balance – September 30, 2025	**$ 51,959**	**$ 74,150**	**$ 126,109**

8. LOANS PAYABLE

	Senior Secured Debt	Equipment Loan	Total
Balance – December 31, 2023	**$ -**	**$ 58,472**	**$ 58,472**
Loan proceeds	8,132,302	-	8,132,302
Transaction costs	(275,456)	-	(275,456)
Accrued interest	82,012	175	82,187
Interest payments	(82,012)	(175)	(82,187)
Repayment of loan	-	(60,000)	(60,000)
Interest accretion	27,503	1,528	29,031
Balance – December 31, 2024	**$ 7,884,349**	**$ -**	**$ 7,884,349**
Less current portion	(394,080)	-	(394,080)
Long term portion	**$ 7,490,269**	**$ -**	**$ 7,490,269**
Balance – December 31, 2024	**$ 7,884,349**	**$ -**	**$ 7,884,349**
Loan proceeds	617,698	-	617,698
Transaction costs	(41,826)	-	(41,826)
Accrued interest	499,990	-	499,990
Interest payments	(499,990)	-	(499,990)
Repayment of loan	(225,840)	-	(225,840)
Interest accretion	28,100	-	28,100
Balance – September 30, 2025	**$ 8,262,481**	**$ -**	**$ 8,262,481**
Less current portion	(672,960)	-	(672,960)
Long term portion	**$ 7,589,521**	**$ -**	**$ 7,589,521**

Senior Secured Debt

During the year ended December 31, 2023, the Company entered into a binding definitive credit agreement with the Business Development Bank of Canada ("BDC") for project financing of up to $8,750,000 in non-revolving senior secured debt for the Empower Calgary facility (the "BDC Financing"). The loan carries a thirteen-year amortization period which began June 30, 2025, with a fixed five-year interest rate of 7.95%, payable monthly. As at September 30, 2025, the Company had fully drawn the $8,750,000 available under the BDC Financing (December 31, 2024 – $8,132,302).

The loan is secured by a first security interest over the assets of Empower Environmental Solutions Calgary Ltd., and is further supported by first security interests over the assets of the named guarantors, Northstar Clean Technologies Inc. and Empower Environmental Solutions Ltd.

The agreement includes a range of financial, insurance and reporting conditions. Beginning with the fiscal year ended December 31, 2025, the Company is required to maintain a fixed charge coverage ratio of 1.1:1 at the Empower Environmental Solutions Calgary Ltd. subsidiary level. The Company expects the implementation of this ratio to be deferred beyond 2025 to coincide with its first full year of commercial operations. Throughout the term of the BDC Financing, the Company must also maintain appropriate environmental and commercial general liability insurance policies, provide financial statements on a timely basis, remain in good standing with relevant government agencies and comply with environmental laws and regulations, among other minor reporting obligations.

Loan proceeds were attributed to the development and construction of Empower Calgary. As at September 30, 2025 interest expense totalling $528,090 (December 31, 2024 - $109,515) has been capitalized in association with construction in progress (Note 5).

Transaction costs totalling $317,282 were allocated against the BDC facility and amortized over the life of the loan using the effective interest method, with at an average effective interest rate of 8.8%. During the nine months ended September 30, 2025 an additional $41,826 (December 31, 2024 - $275,456) was allocated against the liability.

9. CONVERTIBLE DEBENTURES

Since December 2022, the Company entered into various financing arrangements through issuance of convertible debentures in tranches, raising a total of $10,405,000. As at September 30, 2025, convertible debentures principal amounts totalling $9,050,000 (December 31, 2024 - $10,000,000) remain outstanding, after convertible debenture conversions during the three and nine month period ended September 30, 2025 of $255,000 and $950,000, respectively (December 31, 2024 - $405,000).

During the nine months ended September 30, 2025 the Company issued $Nil (during the year ended December 31, 2024 - $6,080,000) in aggregate principal amount of convertible debentures.

The convertible debentures of the Company are unsecured, mature within a three-year period and have the following terms and features:

Key terms and features of convertible debentures

Conversion Features:

Type 1:

- Holders may convert to a unit all or a portion of all these convertible debentures (Type 1 Convertible Debentures) at any time. The conversion price of outstanding Type 1 Convertible Debentures ranges from $0.25 to $0.29 per unit.

(Unaudited - Expressed in Canadian dollars)

- Each unit consists of one common share and one-half of one non-transferable warrant, with each warrant entitling the holder to purchase one additional common share at a price ranging from $0.35 to $0.50 per common share until expiry.
- Warrants issuable upon conversion of Type 1 debentures are not part of the fully diluted share base.

Type 2:

- Each Type 2 convertible debenture unit (Type 2 Convertible Debenture) consists of one unsecured convertible debenture of the Company in the Principal Amount of $5,000 and a number of common share purchase warrants ranging from 20,000 to 25,000, with each warrant entitling the holder to purchase one additional common share at a price ranging from $0.30 to $0.35 per common share until expiry.
- Holders may convert all or a portion of all the Type 2 Convertible Debentures at any time at a conversion price ranging from $0.20 to $0.25 per common share.

Forced conversion and prepayment:

- All type 1 and type 2 convertible debentures, except those issued in May 2024, include a right of the Company to force conversion, if the share price exceeds a specified threshold (ranging from $0.50 to $0.75) for ten consecutive trading days.
- The Company has the option to redeem in cash all outstanding convertible debentures at any time after one year. The holder may elect to: (i) convert all the prepayment amount into units or shares, as appropriate depending on Type 1 or Type 2 convertible debentures at the conversion price; or (ii) accept the prepayment amount in cash as set out in the prepayment notice.

Interest:

- Interest is paid semi-annually at rates ranging from 10% to 12.5% per annum and payable in arrears. Accrued and unpaid interest can be converted together with the principal.

The summary of the convertible debentures terms at the initial recognition was as follows:

Type	Date of Issue	Issue Date	Maturity Date	Principal Amount at Date of Issue	Principal Amount at September 30, 2025	Interest Rate	Conversion Price	Warrant Exercise Price per Share
Type 1	December 2022	15-Dec-22	15-Dec-25	$1,440,000	$960,000	10.0%	$0.25/unit	$0.35
Type 1	February 2023	28-Feb-23	28-Feb-26	$625,000	$525,000	10.0%	$0.25/unit	$0.35
Type 2	December 2023	21-Dec-23	21-Dec-26	$2,260,000	$1,860,000	12.5%	$0.20/share	$0.30
Type 2	February 2024	16-Feb-24	16-Feb-27	$1,375,000	$1,000,000	12.5%	$0.20/share	$0.30
Type 1	May 2024	28-May-24	28-May-27	$2,455,000	$2,455,000	10.0%	$0.29/unit	$0.50
Type 2	June 2024	26-Jun-24	26-Jun-27	$2,250,000	$2,250,000	12.5%	$0.25/share	$0.35

Accounting of the convertible debentures

The Company determines the carrying amount of the financial liability using present value of future cashflows with the principal amounts and a market rate of interest of 25% given the risk profile of the Company. The debt component is being amortized using an effective interest rate ranging from 22.4% to 31.2% over its remaining term. The liability component is then increased by accretion of the discounted amounts to reach the nominal value of the convertible notes at maturity which is recorded in the statements of loss and comprehensive loss as accretion expense.

(Unaudited - Expressed in Canadian dollars)

The carrying amount of the equity component is calculated by deducting the carrying amount of the financial liability from the amount of the principal and is presented in Shareholders' (Deficiency) Equity as an equity component of convertible debentures in reserves. The transaction costs, including broker warrants issued as part of the financing arrangements, are capitalized and allocated between liability and equity components on a pro-rata basis according to their carrying amounts.

The summary of the convertible debentures initial recognition details is as follows:

Date of Issue	Principal Amount $	Less Equity Component $	Less Transaction Costs within Financial Liability $	Financial Liability Initial Recognition $	Total Transaction Costs within Equity $	Deferred Taxes $	Equity Component $
December 2022	**1,440,000**	(477,939)	(37,882)	**924,179**	(18,820)	(123,962)	**335,157**
February 2023	**625,000**	(199,005)	(6,350)	**419,645**	(2,966)	(52,930)	**143,109**
December 2023	**2,260,000**	(638,861)	(191,471)	**1,429,668**	(75,455)	(152,120)	**411,286**
February 2024	**1,375,000**	(386,302)	(32,332)	**956,366**	(12,632)	(100,890)	**272,780**
May 2024	**2,455,000**	(814,571)	(9,227)	**1,631,202**	(4,582)	(218,696)	**591,293**
June 2024	**2,250,000**	(637,869)	(214,217)	**1,397,914**	(84,759)	(172,224)	**380,886**

The continuity of the convertible debentures as of September 30, 2025 and as of December 31, 2024 is as follows:

Date of Issue	Opening Balance $	Net Additions $	Accrued Interest $	Interest Paid $	Accretion $	Conversion $	Closing Balance $	Current Portion $	Long-term Portion $
December 31, 2023	934,408	1,854,770	203,931	(175,250)	173,072	-	**2,990,931**	34,681	2,956,250
December 2022	1,061,068	-	142,389	(142,389)	162,507	(141,781)	**1,081,794**	6,000	1,075,794
February 2023	482,655	-	62,500	(62,500)	64,323	-	**546,978**	20,833	526,145
December 2023	1,447,208	(5,457)	282,429	(291,061)	201,827	(45,979)	**1,588,967**	-	1,588,967
February 2024	-	956,366	145,734	(145,735)	86,149	(134,063)	**908,451**	-	908,451
May 2024	-	1,631,202	145,936	(122,762)	125,527	-	**1,779,903**	23,174	1,756,729
June 2024	-	1,397,914	144,531	(140,625)	102,678	-	**1,504,498**	3,906	1,500,592
December 31, 2024	2,990,931	3,980,025	923,519	(905,072)	743,011	(321,823)	**7,410,591**	53,914	7,356,677
December 2022	1,081,794	-	81,532	(56,074)	85,058	(223,231)	**969,079**	969,079	-
February 2023	546,978	-	40,653	(57,111)	54,632	(89,393)	**495,759**	495,759	-
December 2023	1,588,967	-	185,502	(126,856)	168,213	(239,193)	**1,576,633**	58,646	1,517,987
February 2024	908,451	-	104,236	(71,632)	72,268	(132,826)	**880,497**	32,604	847,893
May 2024	1,779,903	-	184,125	(122,750)	175,606	-	**2,016,884**	84,549	1,932,335
June 2024	1,504,498	-	210,938	(140,625)	168,881	-	**1,743,692**	74,219	1,669,473
September 30, 2025	7,410,591	-	806,986	(575,048)	724,658	(684,643)	**7,682,544**	1,714,856	5,967,688

During the nine months ended September 30, 2025, the Company issued 4,340,000 common shares and 820,000 warrants (during the year ended December 31, 2024 – 1,855,000 common shares and 340,000 warrants) resulting from conversions of $950,000 in convertible debentures, including:

- Type 1 December 2022 convertible debentures conversions at the price $0.25/unit (1,240,000 common shares and 620,000 warrants)
- Type 1 February 2023 convertible debentures conversions at the price $0.25/share (400,000 common shares and 200,000 warrants)
- Type 2 December 2023 convertible debentures conversions at the price $0.20/share (1,700,000 common shares), and
- Type 2 February 2024 convertible debentures conversions at the price $0.20/share (1,000,000 common shares) (Notes 11 and 13).

10. ROYALTY DEBENTURE

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 10.0% second secured convertible debenture (the "Royalty Debenture") convertible into revenue royalties on two future facilities. No principal payments are permitted, and interest is paid semi-annually, or at the election of the Company, added to the principal.

Upon the achievement of certain production and financial milestones, the Royalty Debenture will convert the full principal of the Royalty Debenture into two, equal royalty interests in the next two of the Company's planned asphalt shingle reprocessing facilities after Empower Calgary. The Royalty Debenture will convert at a ratio of 1.7143% for every $1,000,000 of principal with a royalty interest of 13.3% per facility resulting from a conversion of $15,512,175 in principal.

The proceeds will be used to accelerate the development of the Company's next two shingle reprocessing facilities, fund working capital requirements and general corporate purposes. In the event that certain production and financial milestones are not met within a specified conversion period, CVW may elect to convert the royalty interest to apply to Empower Calgary. In the event of non-conversion, the principal of the Royalty Debenture will be repayable in cash at maturity on September 13, 2029.

For accounting purposes, the Royalty Debenture is a hybrid contract, comprised of the debenture host and an embedded derivative consisting of the royalty conversion. The Company designated the Royalty Debenture upon initial recognition as fair value through profit or loss and accordingly recorded at fair value upon initial recognition and as at December 31, 2024. Upon initial recognition, the fair value of the Royalty Debenture was $14,000,000. Cash transaction costs of $986,239 were recorded as an expense in the statement of loss and comprehensive loss. Due to significant uncertainty surrounding potential future revenues related to the royalty, valuation of the royalty debenture has primarily relied on comparing actual progress towards completion of future facilities against budgeted timelines.

During the nine months ended September 30, 2025, a fair value remeasurement charge of $1,092,175 was recognized. As accrued interest accumulates, it contributes to the overall cash flows, which can affect the instrument's value. Actual progress towards completion of future facilities remains consistent with budgeted timelines, therefore there was no further valuation impact as at September 30, 2025. The following table presents the change in Royalty Debenture balance:

(Unaudited - Expressed in Canadian dollars)

	September 30, 2025	December 31, 2024
Balance, beginning of period	$ 14,420,000	$ -
Fair value at issuance	-	14,000,000
Increase in fair value	1,092,175	420,000
Balance, end of period	**$ 15,512,175**	**$ 14,420,000**

11. COMMON SHARES

The Company is authorized to issue an unlimited number of common shares without nominal or par value. Changes in issued common shares are as follows:

	Nine Months Ended September 30, 2025	Year Ended December 31, 2024
Common shares, beginning of period	130,875,408	126,710,381
Private placement	11,926,664	-
PSUs and RSUs settled (Notes 13, 15)	1,576,815	1,656,527
Conversion of convertible debentures (Note 9)	4,340,000	1,855,000
Exercise of warrants (Note 13)	1,991,108	653,500
Exercise of options (Note 13)	174,420	-
Common shares, end of period	**150,884,415**	**130,875,408**

On July 28, 2025, the Company completed a non-brokered private placement of 11,926,664 units at a price of $0.30 per unit for gross proceeds of $3,577,999. Each unit consists of one common share and one common share purchase warrant, with each warrant exercisable to acquire one additional common share at $0.45 until July 25, 2028. The Company applied the residual method and allocated $Nil of the proceeds to the share purchase warrants. In connection with this private placement, the Company incurred $253,182 in finders' fees and share issuance costs and issued 597,787 broker warrants with a fair value of $141,258, which are exercisable to acquire one common share at $0.30 until July 23, 2028. The fair value of the broker warrants was determined using Black-Scholes option pricing model assuming volatility of 93%, $0.37 per share, expected life of three years, risk-free rate of 2.83%, and no expected forfeitures or dividends.

12. PREFERRED SHARES

On July 31, 2023, Northstar received a signed subscription agreement from Allmine Paving, LLC, an affiliate of TAMKO Building Products LLC ("TAMKO"), for 29,244,756 Preferred Shares of Northstar at $0.29 per share for total proceeds of $8,480,979, which represents 18.75% ownership of Northstar if the Preferred Shares are converted to Common Shares at the agreed ratio of 1:1.

As part of the transaction, Northstar signed a Memorandum of Understanding ("MOU") with TAMKO Building Products LLC, relating to the proposed construction and operation of the first four shingle reprocessing facilities built by Northstar in the U.S. The agreement includes providing a supply agreement from the TAMKO facilities to the Empower facilities for asphalt shingles, a take or pay offtake agreement for the sale of asphalt oil and aggregate from the Empower facilities to the TAMKO facilities, a licensing agreement, and the obligation to purchase two sets of Northstar convertible debentures of US$1,800,000 each after the acceptance of certain milestones in the ERA Contribution Agreement. As a result of acceleration, the first tranche of $2,455,000 (US$1,800,000) convertible debentures was received by the Company during 2024 (Note 9).

(Unaudited - Expressed in Canadian dollars)

The Company has also signed a non-binding Memorandum of Understanding (the "Strategic MOU") with TAMKO dated July 31, 2023, under which Northstar and TAMKO agreed to work together with respect to the initial Northstar US Facilities. As part of the MOU, TAMKO agreed to an exclusivity period that shall begin on July 31, 2023, and shall end on the date that is three years following the acceptance by ERA of certain milestones with ERA. This exclusivity period may be extended based on criteria set out in the MOU. During the exclusivity period under the Strategic MOU, TAMKO has agreed to enter into offtake agreements providing for the acquisition of a significant portion of the asphalt and aggregate produced by the Northstar US Facilities. The parties have agreed to work together to determine the location of each of the Northstar US Facilities.

At the option of the Company, for a period of 60 days commencing after the expiration of the exclusivity period, the Series A Preferred Shares may be redeemed for an amount equal to the applicable original issue price, plus dividends declared but unpaid thereon. The Company will provide a redemption notice defining the redemption date(s), the number of shares to be redeemed and all other terms of the redemption. On each redemption date, the Company shall redeem in cash, on a pro rata basis in accordance with the number of Series A Preferred Shares owned by each holder, that number of outstanding Series A Preferred Shares determined by dividing (i) the total number of Series A Preferred Shares outstanding immediately before such redemption date by (ii) the number of remaining redemption dates (including the redemption date to which such calculation applies).

The proceeds received for the preferred shares, exclusivity right, licensing agreement and other contractual matters are allocated to their components by fair valuing the liability and allocating the remaining proceeds to the preferred share equity component. The liability was fair valued at the differential between the traded common share price on the date of issuance and the price paid which amounts to $2,778,252 and is classified as a contract liability which will be realized on a straight-line basis over a three-year period commencing November 2025 following the achievement of ERA Milestone 3 (Note 20). The residual amount of $5,631,271, net of transaction costs of $71,456, was classified as equity.

13. RESERVES

Stock options

The Company grants stock options to acquire common shares to directors, officers, employees and consultants enabling them to acquire up to 10% of the issued and outstanding common stock of the Company. Under the plan, the exercise price of each option is as determined by the Board at the time of grant. Options vest as determined by the Board of Directors. The options can be granted for a maximum term of 10 years, however all options outstanding have a term of 5 years.

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2023	**7,437,326**	**$ 0.330**
Granted	3,196,002	0.220
Expired	(425,000)	0.210
Forfeited	(364,285)	0.230
Outstanding, December 31, 2024	**9,844,043**	**$ 0.210**
Granted	2,437,760	0.335
Exercised	(174,420)	0.215
Outstanding, September 30, 2025	**12,107,383**	**$ 0.238**

(Unaudited - Expressed in Canadian dollars)

On July 9, 2025, the Company granted a total of 2,422,760 stock options to directors, officers, employees, and select consultants under its annual incentive compensation program. The options have an exercise price of $0.335, a term of five years, and vest 25% every six months following the grant date. The fair value of the stock options was determined using Black-Scholes option pricing model assuming volatility of 99%, $0.34 per share, expected life of five years, risk-free rate of 2.92%, and no expected forfeitures or dividends.

On September 18, 2025, the Company granted a total of 15,000 stock options to an employee under its annual incentive compensation program. The options have an exercise price of $0.335, a term of five years, and vest 25% every six months following the grant date. The fair value of the stock options was determined using Black-Scholes option pricing model assuming volatility of 98%, $0.34 per share, expected life of five years, risk-free rate of 2.74%, and no expected forfeitures or dividends.

Share-based compensation recognized for options vested during the three months ended September 30, 2025 was $218,555 (September 30, 2024 - $25,776) and for the nine-month period ended September 30, 2025 was $437,336 (September 30, 2024 - $205,666).

Outstanding and exercisable stock options as at September 30, 2025:

			Number of Options	
	Expiry Date	**Exercise Price**	**Outstanding**	**Exercisable**
	February 16, 2026	$ 0.210	2,500,000	2,500,000
	June 12, 2026	$ 0.210	300,000	300,000
	July 12, 2026	$ 0.210	2,100,000	2,100,000
	December 15, 2026	$ 0.210	200,000	200,000
	February 7, 2027	$ 0.210	200,000	200,000
	April 19, 2027	$ 0.210	217,997	217,997
	August 30, 2027	$ 0.210	20,000	20,000
	March 2, 2028	$ 0.210	11,000	11,000
	September 7, 2028	$ 0.210	1,074,044	1,074,044
	October 4, 2028	$ 0.210	25,000	18,750
	January 8, 2029	$ 0.210	250,000	125,000
	February 20, 2029	$ 0.210	11,000	5,500
	September 19, 2029	$ 0.215	2,450,582	612,646
	November 25, 2029	$ 0.280	310,000	77,500
	July 9, 2030	$ 0.335	2,422,760	-
	September 18, 2030	$ 0.335	15,000	-
Total Outstanding			**12,107,383**	**7,462,437**

The estimated remaining life of the stock options at September 30, 2025 was 2.52 years.

(Unaudited - Expressed in Canadian dollars)

Outstanding and exercisable stock options as at December 31, 2024:

		Number of Options	
Expiry Date	**Exercise Price**	**Outstanding**	**Exercisable**
February 16, 2026	$ 0.210	2,500,000	2,500,000
June 12, 2026	$ 0.210	300,000	300,000
July 12, 2026	$ 0.210	2,100,000	2,100,000
December 15, 2026	$ 0.210	200,000	200,000
February 7, 2027	$ 0.210	200,000	200,000
April 19, 2027	$ 0.210	217,997	145,332
August 30, 2027	$ 0.210	20,000	20,000
March 2, 2028	$ 0.210	11,000	8,250
September 7, 2028	$ 0.210	1,074,044	912,022
October 4, 2028	$ 0.210	25,000	12,500
January 8, 2029	$ 0.210	250,000	62,500
February 20, 2029	$ 0.210	11,000	2,750
September 19, 2029	$ 0.215	2,625,002	-
November 25, 2029	$ 0.280	310,000	-
Total Outstanding		**9,844,043**	**6,463,354**

The estimated remaining life of the stock options at December 31, 2024 was 2.73 years.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2023	**36,305,975**	**$ 0.249**
Issued	17,316,250	$ 0.329
Expired	(653,500)	$ 0.273
Outstanding, December 31, 2024	**52,968,725**	**$ 0.275**
Issued	13,344,451	$ 0.437
Exercised	(1,991,108)	$ 0.200
Outstanding, September 30, 2025	**64,322,068**	**$ 0.311**

The estimated remaining life of the warrants at September 30, 2025 is 1.4 years (December 31, 2024 - 1.8 years).

(Unaudited - Expressed in Canadian dollars)

Outstanding and exercisable warrants:

Expiry Date	Exercise Price	September 30, 2025	December 31, 2024
December 15, 2025	$ 0.350	1,117,200	497,200
February 28, 2026	$ 0.350	224,000	24,000
April 19, 2026	$ 0.200	16,416,078	18,407,186
July 13, 2026 (1)	$ 0.279	5,002,517	5,002,517
July 13, 2026 (1)	$ 0.465	695,072	695,072
December 21, 2026	$ 0.300	11,616,500	11,616,500
February 16, 2027	$ 0.300	7,006,250	7,006,250
June 26, 2027	$ 0.350	9,720,000	9,720,000
July 23, 2028	$ 0.300	597,787	-
July 25, 2028	$ 0.450	11,926,664	-
Outstanding and exercisable		**64,322,068**	**52,968,725**

(1) The warrants outstanding on acquisition were converted at a ratio of 1 old for 1.0747 new warrants on December 23, 2020 and the price was adjusted by the same ratio. All warrants were reissued on July 13, 2021, for a period of 5 years when the Company became publicly listed and commenced trading, with a new expiry date of July 13, 2026. These warrants are non-transferable.

During the nine months ended September 30, 2025, the Company issued 820,000 warrants for conversions of convertible debentures (Note 9). The Company issued 1,991,108 common shares resulting from warrants and broker warrants exercised (Note 11).

Subsequent to the nine months ended September 30, 2025, issued 68,920 common shares resulting from warrants exercised.

Restricted stock units and performance stock units

The Company grants restricted stock units ("RSUs") and performance stock units ("PSUs") to employees as share-base payments enabling them to acquire common shares of the Company. Under the plan in effect at September 30, 2025, up to 13,700,000 of the issued and outstanding common shares could be issued under the plan. The quantity of each RSU is as determined by the Board at the time of grant. The maximum quantity of each PSU is determined by the Board at the time of grant, but the quantity is then adjusted at the vesting date by the performance factor achieved during the performance period. The fair value is determined using the stock price at the date of grant.

Issued RSUs and PSUs outstanding at September 30, 2025:

	Vesting Date	Issued	Cash-settled	Equity-settled
2024 RSUs	September 19, 2026	347,676	-	347,676
2024 RSUs	November 25, 2025	155,000	-	155,000
2024 RSUs	November 25, 2026	155,000	-	155,000
2025 RSUs	July 9, 2026	268,611	-	268,611
2025 RSUs	July 9, 2027	268,611	-	268,611
2025 PSUs	July 9, 2026	598,694	-	598,694
2025 PSUs	July 9, 2027	598,694	-	598,694
Total RSUs and PSUs		**2,392,286**	**-**	**2,392,286**

(Unaudited - Expressed in Canadian dollars)

Issued RSUs and PSUs outstanding at December 31, 2024:

	Vesting Date	Issued	Cash-settled	Equity-settled
2022 RSUs	March 31, 2025	97,215	-	97,215
2023 RSUs	March 31, 2025	213,571	-	213,571
2024 RSUs	September 19, 2025	347,676	-	347,676
2024 RSUs	September 19, 2026	347,676	-	347,676
2024 RSUs	November 25, 2025	155,000	-	155,000
2024 RSUs	November 25, 2026	155,000	-	155,000
2022 Actual PSUs	March 31, 2025	427,142	142,381	284,761
2023 Actual PSUs	March 31, 2025	720,801	-	720,801
Total RSUs and PSUs		**2,464,081**	**142,381**	**2,321,700**

The fair value of RSUs is calculated using the stock price at the date of grant and amortized over the vesting schedule. The fair value of PSUs is calculated using the stock price at the date of granting multiplied by the anticipated achievable performance factor and amortized over the vesting schedule. Cash-settled RSUs and PSUs are re-valued at each reporting date and classified as liabilities on the balance sheet.

On July 9, 2025, the Company granted a total of 537,222 equity-settled RSUs and 1,197,388 equity-settled PSUs to certain directors, officers, and employees. The RSUs and PSUs vest 50% each year following the award date.

During the nine months ended September 30, 2025, certain cash-settled PSUs vested. A total of $12,821 was settled in cash (September 30, 2024 - $28,281) with the remaining $38,294 recognized as equity-based compensation payable at the end of the period (December 31, 2024 - $51,882).

During the nine months ended September 30, 2025, certain equity-settled PSUs and RSUs vested. A total of 1,576,815 common shares were issued to employees upon vesting (September 30, 2024 – 1,656,527) with an additional 87,210 issued subsequent to quarter end following receipt of associated tax remittance from the holder (Note 11).

During the year ended December 31, 2024, the Company completed a restructuring plan of its performance units and cancelled 1,421,427 of the 2023 cash-settled PSUs and RSUs. These cancelled cash-settled PSUs and RSUs were replaced with the accrual of long-term cash bonuses, $63,281 of which were paid out during the nine months ended September 30, 2025, and $185,000 paid during the year ended December 31, 2024. As at September 30, 2025, a total of $222,318 of the bonuses payable net of forfeitures remain accrued and presented within current accounts payable and accrued liabilities (December 31, 2024 - $190,399).

Total compensation recognized for RSUs and PSUs vested during the three months ended September 30, 2025 was $164,880, of which $23,800 is presented as wages and benefits, and the remaining $141,080 is presented as share-based compensation in the consolidated statement of loss and comprehensive loss (September 30, 2024 - $132,567, of which $71,459 presented as wages and benefits, and $61,108 presented as share-based compensation).

Total compensation recognized for RSUs and PSUs vested during the nine months ended September 30, 2025 was $349,759, of which $95,200 is presented as wages and benefits, and the remaining $254,559 is presented as share-based compensation in the consolidated statement of loss and comprehensive loss (September 30, 2024 - $549,295, of which $361,042 presented as wages and benefits, and $188,253 presented as share-based compensation).

(Unaudited - Expressed in Canadian dollars)

14. GENERAL & ADMINISTRATIVE EXPENSES

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	**2024**	**2025**	**2024**
Wages, benefits and director fees (Note 15)	$ 812,017	$ 593,464	$ 1,932,418	$ 1,617,075
Professional fees	193,240	94,168	682,985	307,345
Consulting fees	177,070	9,153	448,055	57,951
Advertising, marketing and investor relations	156,735	104,039	418,749	305,385
Travel	34,168	43,043	87,645	115,272
IT and communications	19,515	22,361	59,013	62,671
Transfer agent and regulatory fees	3,803	5,654	23,019	33,966
Office and administration	11,370	7,854	24,960	2,799
	$ 1,407,918	$ 879,736	$ 3,676,844	$ 2,502,464

15. RELATED PARTY TRANSACTIONS AND BALANCES

(a) As at September 30, 2025, accounts payable and accrued liabilities include $517,520 (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 years 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 September 30		Nine Months Ended September 30	
	2025	**2024**	**2025**	**2024**
Advertising, marketing and promotion	$ -	$ 18,378	$ -	$ 18,378
Share-based compensation	238,891	66,638	470,333	274,828
Wages, benefits and director fees	447,159	428,912	1,056,833	1,042,650
	$ 686,050	$ 513,928	$ 1,527,166	$ 1,335,856

(c) During the nine months ended September 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 September 30, 2025, the Company issued 1,291,498 (September 30, 2024 - 1,088,591) common shares to key management personnel for equity-settled RSUs and PSUs of 452,407 and 839,091, respectively (September 30, 2024 – for 249,499 and 839,092 RSUs and PSUs, respectively), with an additional 87,210 common shares issued for equity-settled RSUs subsequent to quarter end following receipt of associated tax remittance from the holder (Note 11).

(Unaudited - Expressed in Canadian dollars)

16. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

	Three Months Ended September 30		Nine Months Ended September 30	
	2025	**2024**	**2025**	**2024**
Changes in non-cash working capital items:				
GST receivables	$ 138,837	$ (172,455)	$ 304,298	$ (390,347)
Receivables	55,902	75,638	39,020	(61,343)
Inventories	(33,256)	-	(110,745)	-
Prepaids	(21,712)	(205,530)	162,464	(249,618)
Accounts payable and accrued liabilities	666,537	3,015,755	(2,349,012)	2,890,703
Transaction costs	-	986,239	-	986,239
	806,308	3,699,647	(1,953,975)	3,175,634
Changes in non-cash working capital relating to:				
Operating	480,939	468,044	(481,376)	570,804
Investing	375,369	3,231,603	(1,422,599)	2,604,830
Financing	(50,000)	-	(50,000)	-
	$ 806,308	$ 3,699,647	$ (1,953,975)	$ 3,175,634

Significant non-cash transactions during the nine months ended September 30, 2025 includes $1,170,078 of accounts payable and accrued liabilities related to property, plant and equipment (2024 - $2,794,814).

17. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The capital of the Company consists of items included in shareholders' deficiency of $6,228,342. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue equity or return capital to shareholders. There were no changes to the Company's approach to capital management during the nine months ended September 30, 2025. The Company is not subject to externally imposed capital requirements.

Market and Operational Risk

The Company is indirectly exposed to risks associated with U.S. trade tariffs, which may affect credit, input costs and supply chain conditions. Although current operations are based in Canada, the Company is evaluating expansion into the U.S. market, which could result in direct exposure to U.S. trade policies and regulatory requirements.

Financial risk management objectives

The Company examines the various financial instrument risks to which it is exposed and assesses the impact and likelihood of those risks. These risks may include credit risk, liquidity risk, currency risk and interest rate risk. Where material, these risks are reviewed and monitored.

i) Credit Risk

Credit risk is the risk that a counterparty to a financial instrument will fail to discharge an obligation or commitment that it has entered into with the Company. The carrying amounts of financial assets best represent the maximum credit risk exposure at the reporting date.

Cash and cash equivalents are held with reputable banks in Canada. Where publicly available, the long-term credit rating of these banks, as determined by Standard and Poor's, was A+.

The Company's receivable consists of mainly amounts receivable from customers for tipping fees. Following credit evaluations, it was concluded that the counterparties possess strong creditworthiness, demonstrating their ability to meet financial obligations consistently. At September 30, 2025 and December 31, 2024, there was no material expected credit loss recorded against receivables.

ii) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivering cash or another financial asset. As at September 30, 2025, the Company had a working capital deficiency of $3,814,324 (December 31, 2024 – working capital surplus of $4,839,707). The Company will seek additional financing through debt or equity offerings, but there can be no assurance that such financing will be available on terms acceptable to the Company or at all. The Company's approach to managing liquidity risk is to endeavor to ensure that it will have sufficient liquidity to meet liabilities when they fall due. The Company's short-term financial liabilities are due on demand and are subject to normal trade terms. The Company's exposure to and management of liquidity risk has not changed materially from that of the prior year.

iii) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of financial instruments will fluctuate because of changes in market interest rates. The Company is not subject to interest rate risk.

iv) Foreign currency risk

Foreign currency risk is the risk that the fair value or future cash flows of an exposure will fluctuate because of changes in foreign exchange rates. The Company's exposure to the risk of changes in foreign exchange rates relates primarily to the Company's cash balances held in United States dollars and US dollar denominated payables.

As at September 30, 2025, the Company has certain monetary items denominated in United States dollars. Based on these net exposures, a 10% change of the Canadian dollar against the United States dollar would result in an impact on net loss of $9,303 (December 31, 2024 – $17,056). The Company does not hedge its risk from changes in foreign currency exchange rates as exposure is minimal at this time.

(Unaudited - Expressed in Canadian dollars)

Fair value measurements recognized in the statement of financial position

The following table summarizes the carrying values of the Company's financial instruments.

	September 30, 2025	December 31, 2024
Financial assets at amortized cost (i)	$ 2,025,961	$ 10,318,955
Financial liabilities at amortized cost (ii)	$ 18,709,305	$ 20,385,260
Financial Liabilities at FVTPL (iii)	$ 15,512,175	$ 14,420,000

(i) Cash and receivables
(ii) Accounts payable and accrued liabilities, equity-based compensation payable, loans payable and convertible debentures.
(iii) Royalty debentures (Note 10)

The carrying values of cash, receivables, accounts payable and accrued liabilities, equity-based compensation payable, convertible debentures and loans payable included on the consolidated balance sheet approximates the fair values of the respective assets and liabilities due to the short-term nature or market rate of interest of those instruments.

The fair value of the royalty debenture is based on Level 3 inputs and is determined based on the best available information at the measurement date, incorporating observable market data and adjustments for current market conditions such as commodity pricing and interest rates, along with unobservable inputs such as tipping fees, liquid asphalt prices and discount rates.

The Company categorizes its financial assets and liabilities measured at the fair value into one of three different levels depending on the observability of the inputs used in the measurement.

The three levels are defined as follows:

- Level 1 – inputs to the valuation methodology are quoted prices (unadjusted) for identical assets or liabilities in active markets.
- Level 2 – inputs to valuation methodology include quoted prices for similar assets and liabilities in active markets, and inputs that are observable for the asset or liability, either directly or indirectly, for substantially the full term of the financial instrument.
- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

There has been no change to the fair value hierarchy levels during the year.

18. SEGMENTED INFORMATION

The Company currently operates in one business segment in Canada consisting of a proprietary process which takes discarded asphalt shingles and extracts the liquid asphalt for use in new hot mix asphalt, shingle manufacturing and asphalt flat roof systems, and aggregate and fiber for use in construction products and other industrial applications.

(Unaudited - Expressed in Canadian dollars)

19. COMMITMENTS

The Company's commitments are enforceable and legally binding obligations to make payments in the future for goods and services. These items exclude amounts recorded on the consolidated balance sheet. The Company had the following variable lease commitments as at September 30, 2025:

	2025	2026	2027	2028	2029	Thereafter	Total
Northstar (i)	$ 7,134	$ 28,536	$ 28,536	$ 28,536	$ 28,536	$ 2,378	$ 123,656
Empower Calgary (ii)	60,491	241,965	241,965	241,965	241,965	2,177,688	3,206,039
Empower Delta (iii)	61,010	244,041	244,041	244,041	244,041	2,684,448	3,721,622
	$ 128,635	**$ 514,542**	**$ 514,542**	**$ 514,542**	**$ 514,542**	**$ 4,864,514**	**$ 7,051,317**

(i) Estimated annual operating costs related to leased office space with an initial term of 5 years commencing February 1, 2025 and includes one additional 5-year term. Early occupancy was obtained December 1, 2024.

(ii) Estimated annual operating costs related to land and building for Empower Calgary with an initial term of 15 years with two additional 5-year optional terms.

(iii) Estimated annual operating costs related to leased land and building for Empower Delta with an initial term commencing January 1, 2025 and ending December 31, 2040.

20. SUBSEQUENT EVENTS

On October 28, 2025 the Company announced that Empower Calgary processed over 80 tonnes of shingle feedstock per day meeting the requirements of Milestone 3 related to the ERA Grant. The Company anticipates receiving over $700,000 from ERA associated with the delivery of this milestone during the fourth quarter of 2025.