NORTHSTAR
CLEAN TECHNOLOGIES

CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS
FOR THE THREE MONTHS ENDED MARCH 31, 2026 AND 2025
(Unaudited - Expressed in Canadian dollars)

Condensed Interim Consolidated Statements of Financial Position
(Unaudited - Expressed in Canadian dollars)

As at	Note	March 31, 2026	December 31, 2025
Assets			
Current			
Cash and cash equivalents		$ 12,662,356	$ 457,094
Receivables		102,483	106,367
Net GST receivable		80,590	87,257
Inventories	3	124,556	104,885
Prepaids		54,884	84,901
		13,024,869	840,504
Non-current			
Right-of-use asset	4	15,540,890	15,758,223
Deposits	4	2,126,030	2,126,030
Property, plant and equipment	5	26,958,652	26,378,126
Intangible assets	7	124,136	125,122
Total assets		$ 57,774,577	$ 45,228,005
Liabilities			
Current			
Accounts payable and accrued liabilities	17	$ 5,776,379	$ 3,818,963
Equity-based compensation payable	13	38,294	38,294
Loans payable	8	949,412	657,300
Convertible debentures	9	10,842,712	2,170,978
Derivative liability	9	4,860,000	-
Contract liability	12	555,650	555,650
Lease liabilities	4	155,095	145,824
		23,177,542	7,387,009
Non-current			
Loans payable	8	9,458,477	8,562,503
Convertible debentures	9	3,882,768	4,611,481
Royalty debenture	10	16,287,784	15,898,050
Contract liability	12	1,991,081	2,129,993
Lease liabilities	4	15,930,785	15,963,067
Total liabilities		70,728,437	54,552,103
Shareholders' (deficiency)			
Common Shares	11	36,626,271	35,320,803
Preferred shares	12	5,631,271	5,631,271
Reserves	13	6,559,375	6,396,911
Shares to be issued		23,750	281,625
Deficiency		(61,794,527)	(56,954,708)
Total shareholders’ (deficiency)		(12,953,860)	(9,324,098)
Total liabilities and shareholders’ (deficiency)		$ 57,774,577	$ 45,228,005

Nature and continuance of operations and going concern (Note 1), Commitments (Note 20), Subsequent events (Note 21)

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 March 31	Notes	2026	2025
Revenue	14	$ 208,458	$ 175,517
Cost of sales	3	(124,809)	(223,307)
		83,649	(47,790)
Expenses			
General and administrative	16	1,258,289	961,765
Pre-commercial operating		1,114,989	180,546
Depreciation and amortization	4,5,7	292,509	325,394
Share-based compensation	13,17	235,103	194,824
Insurance		119,645	80,494
		(3,020,535)	(1,743,023)
Loss from operating activities		(2,936,886)	(1,790,813)
Other items			
Interest and finance expense	4,9	(961,385)	(814,314)
Fair value re-measurement of royalty debenture	10	(389,734)	(353,500)
Change in fair value of derivative liability	9	(405,000)	-
Financing costs	9	(317,688)	-
Foreign exchange loss		(2,715)	(2,791)
Amortization of contract liability	12	138,913	-
Interest income		-	11,501
Other income		9,520	-
		(1,928,089)	(1,159,104)
Loss before income taxes		(4,864,975)	(2,949,917)
Income tax recovery		25,156	-
Loss and comprehensive loss		**$ (4,839,819)**	**$ (2,949,917)**
Basic and diluted loss per share		$ (0.03)	$ (0.02)
Weighted average number of Common Shares outstanding (basic and diluted)		156,894,896	132,942,452

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, 2024		**130,875,408**	**29,244,756**	**$ 28,909,096**	**$ 5,631,271**	**$ 3,809**	**$ 6,325,090**	**$ (42,202,844)**	**$ (1,333,578)**
Conversions of convertible debentures	9,11	2,190,000	-	371,375	-	-	-	-	371,375
Exercise of warrants	11,13	1,240,808	-	259,989	-	6,191	(11,827)	-	254,353
Share-based payments	13,17	-	-	-	-	-	195,591	-	195,591
Loss for the period		-	-	-	-	-	-	(2,949,917)	(2,949,917)
Balance, March 31, 2025		**134,306,216**	**29,244,756**	**$ 29,540,460**	**$ 5,631,271**	**$ 10,000**	**$ 6,508,854**	**$ (45,152,761)**	**$ (3,462,176)**
Balance, December 31, 2025		**155,335,545**	**29,244,756**	**$ 35,320,803**	**$ 5,631,271**	**$ 281,625**	**$ 6,396,911**	**$ (56,954,708)**	**$ (9,324,098)**
Finders' fees settled	9	3,696,031	-	739,206	-	-	-	-	739,206
Convertible debentures interest settled	9,11	1,112,959	-	281,625	-	(257,875)	-	-	23,750
Exercise of options	11,13,17	387,200	-	217,977	-	-	(136,665)	-	81,312
Exercise of warrants	11,13	333,300	-	66,660	-	-	-	-	66,660
Equity portion of unsecured debentures	8	-	-	-	-	-	54,242	-	54,242
Equity portion of convertible debentures	9	-	-	-	-	-	9,784	-	9,784
Share-based payments	13,17	-	-	-	-	-	235,103	-	235,103
Loss for the period		-	-	-	-	-	-	(4,839,819)	(4,839,819)
Balance, March 31, 2026		**160,865,035**	**29,244,756**	**$ 36,626,271**	**$ 5,631,271**	**$ 23,750**	**$ 6,559,375**	**$ (61,794,527)**	**$(12,953,860)**

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 March 31	Notes	2026	2025
Cash provided by (used in):			
Operating activities			
Loss for the period		$ (4,839,819)	$ (2,949,917)
Adjustments for:			
Depreciation and amortization	4,5,7	292,509	325,394
Interest and finance charges on loans and debentures	9	527,623	512,022
Share-based payments	13,17	235,103	195,591
Income tax recovery		(25,156)	-
Fair value re-measurement of royalty debenture	10	389,734	353,500
Change in fair value of derivative liability	9	405,000	-
Financing costs	9	317,688	-
Interest on lease liabilities	4	429,006	295,223
Amortization of contract liability	12	(138,912)	-
Unrealized foreign exchange loss (gain)		7,187	(3,134)
Changes in non-cash working capital	18	1,776,184	(1,236,909)
Net cash used in operating activities		**(623,853)**	**(2,508,230)**
Investing activities			
Acquisition of property, plant and equipment	5	(478,175)	(3,910,911)
Deposits paid	4	-	1,729
Acquisition of intangible assets	7	-	(17,440)
Changes in non-cash working capital	18	202,128	(709,447)
Net cash used in investing activities		**(276,047)**	**(4,636,069)**
Financing activities			
Issuance of USD convertible debentures, net of issuance costs	9	12,533,400	-
Deferred financing costs		-	(2,150)
Loan proceeds	8	1,255,000	-
Loan repayments and interest paid	8	(222,078)	(159,411)
Repayments of lease liabilities	4	(452,017)	(289,587)
Exercise of options	11,13,17	81,312	-
Exercise of warrants	11,13	66,660	254,353
Convertible debentures interest paid	9	(2,500)	(30,861)
Changes in non-cash working capital	18	(154,431)	-
Net cash provided (used in) by financing activities		**13,105,346**	**(227,656)**
Change in cash and cash equivalents		12,205,446	(7,371,955)
Effect of exchange rate changes on cash and cash equivalents		(184)	(567)
Cash and cash equivalents, beginning of the period		457,094	10,225,904
Cash and cash equivalents, end of the period		**$ 12,662,356**	**$ 2,853,382**
Cash		12,612,356	1,302,320
Cash equivalents		50,000	1,551,062
Total cash and cash equivalents, end of the period		**$ 12,662,356**	**$ 2,853,382**
Cash interest paid	8,9	$ 192,248	$ 190,272

Supplemental disclosures with respect to cash flows (Note 18).
The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS AND GOING CONCERN

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 and extracting 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 at its first commercial scale up facility in Calgary, Alberta ("Empower Calgary"). Between 2017 and 2024, the Company conducted research & development at its pilot facility in Delta, British Columbia ("Empower Delta"). 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 Business Corporations Act (British Columbia). 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.

Construction of Empower Calgary was substantially completed in the first quarter of 2025. Following construction completion, the facility completed the commissioning phase, during which the Company focused on validating equipment performance, refining operating procedures, and integrating learnings from early testing. During the commissioning phase, the Company produced its first liquid asphalt and independent laboratory tests indicated the asphalt quality produced will satisfy requirements contained in a number of the Company's commercial agreements, demonstrating the technology works. Material-transfer and processing issues emerged following commissioning, which resulted in delays to full operational readiness and the Company continues to implement incremental improvements identified during commissioning as it advances toward commercial readiness. No significant sales of asphalt, aggregate, limestone or fibre were recognized for the three months ended March 31, 2026, nor in the comparative period in 2025. Ramp up of operations is currently anticipated in the second half of 2026.

Going Concern

These condensed interim consolidated financial statements ("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.

As Empower Calgary has completed commissioning but has not yet commenced commercial operations, the Company remains in a pre-commercial revenue phase and continues to rely on external sources of capital to fund operations, optimization activities, and working capital requirements. The Company expects to continue to incur operating losses and negative cash flows until commercial production begins, which is currently anticipated in the second half of 2026.

The Company incurred a loss of $4,839,819 during the three months ended March 31, 2026 (March 31, 2025 - $2,949,917) and had a working capital deficiency of $10,152,673 as at March 31, 2026 (December 31, 2025 - $6,546,505). Included in current liabilities are USD-denominated convertible debentures and the related derivative liability, which are classified as current liabilities in accordance with IAS 1 as the holders may convert the principal at any time during the term of the instruments. Management expects that any conversion would be settled through the issuance of Common Shares in the capital of the Company ("Common Shares") rather than through the use of working capital. Excluding these USD-denominated convertible debentures and the related derivative liability, the Company would have had positive working capital of $2,216,780 as at March 31, 2026.

There can be no assurance that anticipated production revenue will be sufficient to fund operations and future obligations, and additional financing may be required.

The Company has funded operations with $10,405,000 of interest-bearing convertible debentures, a $14,000,000 interest-bearing royalty debenture, and US$10,000,000 unsecured United States dollars ("USD") convertible debentures, 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, the Company has issued 11,926,664 units, comprised of one common share and one warrant, at a price of $0.30 per unit for gross proceeds of $3,577,999. 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.

Management has strengthened working capital reserves and continues to pursue a range of financing initiatives, including equity, debt, strategic partnerships, government programs, and other non-dilutive funding opportunities. Achieving feedstock processing rates of approximately 80 tonnes per day during commissioning has supported the Company's financing strategy by demonstrating meaningful technical progress toward commercial readiness. However, the Company's ability to continue as a going concern is dependent upon its ability to secure additional financing and ultimately achieve successful commercial operations at Empower Calgary.

These circumstances create material uncertainties that may cast significant doubt upon the Company's ability to continue as a going concern. These 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 interim consolidated financial statements.

2. BASIS OF PREPARATION

Statement of Compliance

These 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, 2025, unless otherwise noted. 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 consolidated 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 interim consolidated financial statements, have been set out in Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2025. These interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2025.

These interim consolidated financial statements are presented in Canadian dollars ($ or CAD), which is the Company's functional currency and were approved by the Company's board of directors (the Board") on June 1, 2026.

Reclassification of comparatives

For the three months ended March 31, 2025, capitalized interest and financing charges were incorrectly classified within operating activities. Comparative figures have been updated and included within investing activities. These changes have been applied retrospectively, with updated comparatives and no impact on total cash flows.

For the three month ended March 31, 2025 Consolidated Statement of Cash Flows	**Previously reported**	**Adjustment**	**As adjusted**
Operating activities			
Interest and finance charges on loans and debentures	$ 681,600	$ (169,578)	$ 512,022
Investing activities			
Acquisition of property, plant and equipment	(4,080,489)	169,578	(3,910,911)
	$ (3,398,889)	**$ -**	**$ (3,398,889)**

3. INVENTORIES

As at March 31, 2026, the Company recognized $124,556 in inventory related to the cost of shingle collection (December 31, 2025 – $104,885). This amount includes costs incurred for shingles collected during the period which are expected to be consumed following ramp up to commercial operations. 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

As at	**March 31, 2026**	**December 31, 2025**
Cost		
Balance, beginning of period	**$ 18,773,992**	**$ 12,276,438**
Addition	-	7,144,205
Reduction		(646,651)
Balance, end of period	**18,773,992**	**18,773,992**
Accumulated depreciation		
Balance, beginning of period	**3,015,769**	**2,133,308**
Depreciation	217,333	882,461
Balance, end of period	**3,233,102**	**3,015,769**
Net book value	**$ 15,540,890**	**$ 15,758,223**

(Unaudited - Expressed in Canadian dollars)

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

During the year ended December 31, 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 December 31, 2025.

During the year ended December 31, 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 a reduction 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.

Lease Liabilities

As at	March 31, 2026	December 31, 2025
Balance, beginning of period	$ 16,108,891	$ 9,478,821
Additions	-	7,144,205
Reduction		(646,651)
Lease payments	(452,017)	(1,429,290)
Interest accretion on lease liability	429,006	1,561,806
Balance, end of period	**16,085,880**	**16,108,891**
Less current portion	(155,095)	(145,824)
Non-current portion	**$ 15,930,785**	**$ 15,963,067**

Variable lease payments for the three months ended March 31, 2026 are $70,588 (three months ended March 31, 2025 - $79,224). These amounts have been excluded from Right-of-Use Assets and Lease Liabilities.

As at March 31, 2026, 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, 2025 - $500,283 related to Empower Delta, $18,043 related to the Calgary head office, and $1,607,704 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, 2024	**$ 3,532,945**	**$ 56,468**	**$ 20,427,847**	**$ 99,616**	**$ 6,001**	**$ 24,122,877**
Additions	-	-	8,773,215	9,059	-	8,782,274
Government grants	-	-	(4,274,448)	-	-	(4,274,448)
Disposals	(288,882)	-	-	-	-	(288,882)
Balance – December 31, 2025	**$ 3,244,063**	**$ 56,468**	**$ 24,926,614**	**$ 108,675**	**$ 6,001**	**$ 28,341,821**
Additions	-	-	654,716	-	-	654,716
Balance – March 31, 2026	**$ 3,244,063**	**$ 56,468**	**$ 25,581,330**	**$ 108,675**	**$ 6,001**	**$ 28,996,537**
Accumulated Depreciation						
Balance – December 31, 2024	**$ 1,636,952**	**$ 35,499**	**$ -**	**$ 25,790**	**$ 6,001**	**$ 1,704,242**
Additions	378,375	4,194	-	30,144	-	412,713
Disposals	(153,260)	-	-	-	-	(153,260)
Balance – December 31, 2025	**$ 1,862,067**	**$ 39,693**	**$ -**	**$ 55,934**	**$ 6,001**	**$ 1,963,695**
Additions	69,100	839	-	4,251	-	74,190
Balance – March 31, 2026	**$ 1,931,167**	**$ 40,532**	**$ -**	**$ 60,185**	**$ 6,001**	**$ 2,037,885**
Net Book Value						
Balance – December 31, 2025	**$ 1,381,996**	**$ 16,775**	**$ 24,926,614**	**$ 52,741**	**$ -**	**$ 26,378,126**
Balance – March 31, 2026	**$ 1,312,896**	**$ 15,936**	**$ 25,581,330**	**$ 48,490**	**$ -**	**$ 26,958,652**

Construction in progress consists of property, plant and equipment related to the development of the Company's Empower Calgary facility. Depreciation will begin when the asset is available for use, which requires it to be capable of operating in the manner intended by management. As at March 31, 2026, no depreciation has been recognized.

Construction of Empower Calgary was substantially completed in the first quarter of 2025. Following construction completion, the facility entered the commissioning phase, during which the Company focused on validating equipment performance, refining operating procedures, and integrating learnings from early testing. During the commissioning phase, the Company produced its first liquid asphalt and independent laboratory tests indicated the asphalt quality produced will satisfy requirements contained in a number of the Company's commercial agreements, demonstrating the technology works. During commissioning the Company achieved Emissions Reduction Alberta ("ERA") Milestone 3 by reaching a pre-determined target of 80 tonnes of shingle processing in a 24-hour period. Material-transfer and processing issues emerged following commissioning, which resulted in delays to full operational readiness and the Company continues to implement incremental improvements identified during commissioning as it advances toward commercial readiness. No significant sales of asphalt, aggregate, limestone or fibre were recognized for the three months ended March 31, 2026, nor the comparative period in 2025. Ramp up to steady operations is currently anticipated in the second half of 2026.

During the three months ended March 31, 2026, the Company allocated $Nil of grant proceeds to construction in progress (December 31, 2025 - $4,274,448 received from ERA) (Note 6).

During the three months ended March 31, 2026, the Company attributed interest expense of $176,540 (December 31, 2025 - $705,057) associated with the Company's 7.95% non-revolving senior secured debt with the Business Development Bank of Canada to construction in progress.

(Unaudited - Expressed in Canadian dollars)

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 three months ended March 31, 2026, the Company received $Nil of ERA grant proceeds. As at March 31, 2026 total funding received by the Company was $5,940,186 related to the ERA Grant with approximately $1,148,670 remaining outstanding under the Contribution Agreement.

7. INTANGIBLE ASSETS

	Patents in Process	Patents	Total
Balance – December 31, 2024	**$ 52,559**	**$ 51,759**	**$ 104,318**
Additions	18,540	8,044	26,584
Transfers	(19,140)	19,140	-
Balance – December 31, 2025	**$ 51,959**	**$ 78,943**	**$ 130,902**
Balance – March 31, 2026	**$ 51,959**	**$ 78,943**	**$ 130,902**
Accumulated amortization			
Balance – December 31, 2024	**$ -**	**$ 2,739**	**$ 2,739**
Amortization	-	3,041	3,041
Balance – December 31, 2025	**$ -**	**$ 5,780**	**$ 5,780**
Amortization	-	986	986
Balance – March 31, 2026	**$ -**	**$ 6,766**	**$ 6,766**
Net book value			
Balance – December 31, 2025	**$ 51,959**	**$ 73,163**	**$ 125,122**
Balance – March 31, 2026	**$ 51,959**	**$ 72,177**	**$ 124,136**

8. LOANS PAYABLE

	Senior Secured Debt	Unsecured Debt	Promissory Notes	Total
Balance – December 31, 2024	**$ 7,884,349**	**$ -**	**$ -**	**$ 7,884,349**
Loan proceeds	617,698	1,000,000	-	1,617,698
Transaction costs	(41,826)	-	-	(41,826)
Accrued interest	670,056	6,500	-	676,556
Interest payments	(670,056)	-	-	(670,056)
Repayment of loan	(281,920)	-	-	(281,920)
Interest accretion	35,002	-	-	35,002
Balance – December 31, 2025	**$ 8,213,303**	**$ 1,006,500**	**$ -**	**$ 9,219,803**
Less current portion	(560,800)	(96,500)	-	(657,300)
Long term portion	**$ 7,652,503**	**$ 910,000**	**$ -**	**$ 8,562,503**

(Unaudited - Expressed in Canadian dollars)

	Senior Secured Debt	Unsecured Debt	Promissory Notes	Total
Balance – December 31, 2025	**$ 8,213,303**	**$ 1,006,500**	**$ -**	**$ 9,219,803**
Loan proceeds	-	820,232	400,000	1,220,232
Transaction costs	-	(41,012)	-	(41,012)
Accrued interest	165,998	37,575	2,127	205,700
Premium payable	-	-	8,000	8,000
Interest payments	(165,998)	-	-	(165,998)
Repayment of loan	(56,080)	-	-	(56,080)
Interest accretion	10,543	6,701	-	17,244
Balance – March 31, 2026	**$ 8,167,766**	**$ 1,829,996**	**$ 410,127**	**$ 10,407,889**
Less current portion	(672,960)	(172,325)	(104,127)	(949,412)
Long term portion	**$ 7,494,806**	**$ 1,657,671**	**$ 306,000**	**$ 9,458,477**

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 March 31, 2026, the Company had fully drawn the $8,750,000 available under the BDC Financing (December 31, 2025 – $8,750,000). On November 18, 2025, the BDC Financing was amended to suspend principal repayments between December 2025 and March 2026, with a corresponding extension of the amortization period by four months.

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, 2026, the Company is required to maintain a fixed charge coverage ratio of 1.1:1 at the Empower Environmental Solutions Calgary Ltd. subsidiary level. 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, all of which the Company is currently compliant with.

Loan proceeds were attributed to the development and construction of Empower Calgary. During the three months ended March 31, 2026, $176,541 (December 31, 2025 - $705,057) has been capitalized in association with construction in progress. As at March 31, 2026 cumulative interest expense totalling $991,113 has been capitalized (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 an average effective interest rate of 8.8%. During the three months ended March 31, 2026, additional transaction costs of $Nil (During the year ended December 31, 2025 - $41,826) were allocated against the liability.

Unsecured Debt

On December 5, 2025, the Company completed the first tranche of a non-brokered financing for gross proceeds of $1,000,000, consisting of 200 units (“Unsecured Debt”). Each unit comprises a $5,000 unsecured debenture and 1,250 detachable non-transferable warrants. The debentures, which mature on December 5, 2028, bear interest at 9% per annum, payable semi-annually, and interest may be settled in cash or in Common Shares at a deemed price equal to the ten-day VWAP prior to the interest payment date. The debentures are unsecured. The warrants have an exercise price of $0.395 and a 36-month term from closing. All securities issued are subject to a statutory hold period expiring April 6, 2026. The financing was subscribed for by an arm’s-length investor. On initial recognition, the financial liability was recognized at its present value of $1,000,000 which represents the principal amount. No transaction costs were incurred and nil was allocated to the equity component.

On January 23, 2026, the Company completed the second tranche of a non-brokered financing, ultimately resulting in gross proceeds of $900,000, consisting of 180 units. Each unit comprises a $5,000 unsecured debenture and 2,500 detachable non-transferable warrants with an exercise price of $0.35 per warrant and a 36-month term. The debentures, which mature on January 23, 2029, bear interest at 9% per annum, payable semi-annually, and interest may be settled in cash or in Common Shares at a deemed price equal to the ten-day VWAP prior to the interest payment date. The debentures are unsecured. On initial recognition, the financial liability was recognized at its present value of $820,232 which represents the principal amount of $900,000 less $79,768 allocated to the equity component and transaction costs of $3,988. During the three months ended March 31, 2026, transaction costs of $41,012 (During the year ended December 31, 2025 - $Nil) were allocated against the liability.

Promissory Notes

During February and March 2026, the Company entered into unsecured promissory note agreements totalling $400,000 with certain related parties. The notes bear interest at 9% per annum, include a 2% repayment premium, and are repayable no later than May 29, 2027. Subsequent to the end of the quarter, on April 30, 2026, the promissory notes were repaid in full, including accrued interest and 2% repayment premium.

9. CONVERTIBLE DEBENTURES

Convertible Debentures - CAD

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 March 31, 2026, convertible debentures principal amounts totalling $7,990,000 (December 31, 2025 - $7,990,000) remain outstanding.

During the three months ended March 31, 2026, the Company issued $Nil (2025 - $Nil) in aggregate principal amount of Canadian dollar convertible debentures.

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

(Unaudited - Expressed in Canadian dollars)

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.
- 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	Issue Date	Maturity Date	Principal Amount at Date of Issue	Principal Amount at March 31, 2026	Interest Rate	Conversion Price	Warrant Exercise Price per Share
Type 1	Dec 2022	Dec 2025	$ 1,440,000	$ -	10.0%	$0.25/unit	$0.35
Type 1	Feb 2023[1]	Feb 2027	625,000	525,000	10.0%	$0.25/unit	$0.35
Type 2	Dec 2023	Dec 2026	2,260,000	1,760,000	12.5%	$0.20/share	$0.30
Type 2	Feb 2024	Feb 2027	1,375,000	1,000,000	12.5%	$0.20/share	$0.30
Type 1	May 2024	May 2027	2,455,000	2,455,000	10.0%	$0.29/unit	$0.50
Type 2	Jun 2024	Jun 2027	2,250,000	2,250,000	12.5%	$0.25/share	$0.35
			$ 10,405,000	**$ 7,990,000**			

(Unaudited - Expressed in Canadian dollars)

Accounting for 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 24.8% 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.

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:

Issue Date	Principal Amount $	Less Equity Component $	Less Transaction Costs within Financial Liability $	Financial Liability Initial Recognition $	Total Transaction Costs within Equity $	Deferred Taxes $	Equity Component $
Dec 2022	**1,440,000**	(477,939)	(37,882)	**924,179**	(18,820)	(123,962)	**335,157**
Feb 2023[1]	**625,000**	(199,005)	(6,350)	**419,645**	(2,966)	(52,930)	**143,109**
Dec 2023	**2,260,000**	(638,861)	(191,471)	**1,429,668**	(75,455)	(152,120)	**411,286**
Feb 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**
Jun 2024	**2,250,000**	(637,869)	(214,217)	**1,397,914**	(84,759)	(172,224)	**380,886**

(Unaudited - Expressed in Canadian dollars)

The continuity of the convertible debentures as of March 31, 2026 and as of December 31, 2025 is as follows:

Issue Date	Opening Balance $	Net Additions $	Accrued Interest $	Interest Paid $	Accretion $	Conversion $	Closing Balance $	Current Portion $	Long-term Portion $
Dec 31, 2024	2,990,931	3,980,025	923,519	(905,072)	743,011	(321,823)	**7,410,591**	1,129,708	6,280,883
Dec 2022	1,081,794	-	98,879	(104,879)	171,428	(1,247,222)	**-**	-	-
Feb 2023	546,978	-	53,778	(57,111)	74,094	(89,393)	**528,346**	528,346	-
Dec 2023	1,588,967	-	242,307	(242,307)	229,895	(326,060)	**1,492,802**	1,492,802	-
Feb 2024	908,451	-	135,486	(135,486)	96,737	(132,826)	**872,362**	-	872,362
May 2024	1,779,903	-	245,500	(122,750)	243,621	-	**2,146,274**	145,924	2,000,350
Jun 2024	1,504,498	-	281,250	(281,250)	238,177	-	**1,742,675**	3,906	1,738,769
Dec 31, 2025	7,410,591	-	1,057,200	(943,783)	1,053,952	(1,795,501)	**6,782,459**	2,170,978	4,611,481
Feb 2023[1]	528,346	(13,402)	13,125	(26,250)	15,098	-	**516,917**	516,917	-
Dec 2023	1,492,802	-	55,000	-	59,456	-	**1,607,258**	1,607,258	-
Feb 2024	872,362	-	31,250	-	23,954	-	**927,566**	927,566	-
May 2024	2,146,274	-	61,375	-	74,434	-	**2,282,083**	207,299	2,074,784
Jun 2024	1,742,675	-	70,313	-	69,215	-	**1,882,203**	74,219	1,807,984
Mar 31, 2026	6,782,459	(13,402)	231,063	(26,250)	242,157	-	**7,216,027**	3,333,259	3,882,768

(1) Effective February 28, 2026 the Company entered into agreements to extend the maturity date of $525,000 in February 2023 Tranche of convertible debentures from the original maturity date of February 28, 2026 to February 28, 2027, with all terms associated with the February 2023 Tranche remaining unchanged. Under the February 2023 Tranche, the Company originally raised $625,000, $100,000 of which were converted. Pursuant to prior conversions of the February 2023 Tranche, 200,000 Common Share purchase warrants are currently outstanding (the "Warrants"). In connection with the extension of the February 2023 Tranche, the Company also extended the expiry date of the Warrants to February 28, 2027. The maturity date extension is treated as an extinguishment and recognition of a new financial liability in accordance with IFRS 9 with a gain/loss of $nil. In accordance with IAS 32, $13,402 was allocated to equity, less $3,618 deferred income taxes. The Company determines the carrying amount of the new financial liability using present value of future cashflows with the principal amounts and a market rate of interest of 12.5% given the current risk profile of the Company. The debt component is being amortized using an effective interest rate of 12.47% over its remaining term.

During the three months ended March 31, 2026, the Company issued no Common Shares from convertible debenture conversions (during the year ended December 31, 2025 - 8,480,000 Common Shares and 2,640,000 warrants for $1,960,000 of convertible debentures converted).

On January 15, 2026, following receipt of TSX Venture Exchange (the "TSXV") approval, the Company issued 1,112,959 Common Shares in satisfaction of $281,625 of convertible debenture interest accrued as at December 31, 2025. Subsequently to the three months ended March 31, 2026, the Company issued 118,750 Common Shares to satisfy the interest owing at February 28, 2026 of $23,750 related to the February 2023 Tranche of convertible debentures. Of the total shares, 12,500 Common Shares were issued to related parties (Notes 18, 22).

(Unaudited - Expressed in Canadian dollars)

Convertible Debentures - USD

Key Terms and Features

On March 30, 2026, the Company closed the first tranche of a US$10,000,000 ($13,925,200) non-brokered private placement of unsecured convertible debentures, for gross proceeds of US$9,000,000 ($12,533,400) ("Tranche 1"). The remaining US$1,000,000 ($1,391,800) ("Tranche 2") closed on April 2, 2026. The debentures bear interest at 8% per annum, payable semi-annually in cash commencing June 30, 2026, with the Company having the option, subject to TSXV approval, to satisfy interest by issuing Common Shares at the 30-day volume weighted average trading price converted to USD at the 30-day average Bank of Canada exchange rate immediately preceding interest payment date. The principal is convertible at the holder's option at any time during the 5-year term at US$0.20 ($0.27) per Common Share (the 'Conversion Option'). The convertible debentures and any Common Shares issuable upon conversion of the principal are subject to statutory hold period expiring on July 31, 2026. The Company has the right to force conversion if its share price exceeds $0.75 for 90 consecutive trading days. In connection with the Tranche 1, the Company paid finder's fees, satisfied through the issuance of 3,696,031 Common Shares at a price of $0.20 per Common Share, subject to statutory hold period. Additional transaction fees of $154,431 were paid in cash.

Accounting for the Convertible Debentures - USD

The USD convertible debentures are comprised of a host loan and an embedded derivative liability. The host loan represents the debt component of the debenture, reflecting the present value of future principal and interest payments discounted at a market rate of interest for a similar non-convertible instrument. The Conversion Option associated with the USD convertible debentures was determined to be an embedded derivative as the value of the Conversion Option changes in response to the Company's share price and due to foreign exchange movements and does not meet the IAS 32 fixed-for-fixed criterion. The embedded derivative liability is a financial liability measured at its estimated fair value with changes in value being recorded as FVTPL. The residual value is allocated to host loan is measured at measured at amortized cost using the effective interest method.

The instruments are classified as a current liability because the holder may convert the principal into Common Shares at any time during the five-year term, and the Company does not have an unconditional right to defer settlement for at least twelve months after the reporting date.

The fair value of the Conversion Option was estimated using a modified barrier option pricing model. The assumptions used on initial recognition, March 30, 2026 and as at March 31, 2026 are set in the table below:

CAD$ per share, unless otherwise noted	March 31, 2026	March 30, 2026
Share price	0.21	0.20
Conversion price	0.28	0.28
Remaining term	5 years	5 years
Interest rate	8%	8%
Expected stock price volatility	92.98%	92.95%
Forced conversion price (90 day VWAP)	0.75	0.75
CAD/USD exchange rate	1.3939	1.3926

The implied effective interest rate on the host debt component, determined at initial recognition based on the residual allocation method, was 20.6%.

The expected stock price volatility is estimated using the historical stock price volatility of comparable companies over the remaining term of the USD convertible debentures. This approach assumes that companies with similar industry exposure, market capitalization, and risk profiles exhibit comparable stock price behavior. These individual volatilities are then averaged to derive an expected volatility estimate for the Company.

(Unaudited - Expressed in Canadian dollars)

The continuity of the USD convertible debentures and associated derivate liability are as follows:

	Debenture	Derivative liability	Total
Balance, beginning of period	**-**	**-**	**-**
Fair value at issuance	8,078,400	4,455,000	12,533,400
Financing costs	(575,949)	-	(575,949)
Change in fair value of Conversion Option	-	405,000	405,000
Unrealized foreign exchange loss	7,002	-	7,002
Balance, end of period	**7,509,453**	**4,860,000**	**12,369,453**

Financing costs of $317,688 which were attributed to the derivative liability were expensed on initial recognition.

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. The Company has elected to forego semi-annual interest payments since issuance, and amounts have been added to the principal balance.

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 13.89% per facility resulting from a conversion of $16,287,784 in principal.

The proceeds are being 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. 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 in nature and quantum of future revenues related to the Royalty Debenture, the fair value of the instrument is influenced by progress toward completion of future facilities relative to original timelines, together with other evolving valuation inputs that may offset the impact of schedule changes.

(Unaudited - Expressed in Canadian dollars)

The fair value of the royalty debenture is estimated based on changes in non-observable inputs including Management's estimates established at inception, together with observable inputs such as future commodity prices and discount rates. During the three months ended March 31, 2026, a fair value remeasurement charge of $389,734 was recognized (during the year ended December 31, 2025 - $1,478,050). The following table presents the change in Royalty Debenture balance:

As at	**March 31, 2026**	**December 31, 2025**
Balance, beginning of period	$ 15,898,050	$ 14,420,000
Increase in fair value	389,734	1,478,050
Balance, end of period	**$ 16,287,784**	**$ 15,898,050**

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:

As at	**March 31, 2026**	**December 31, 2025**
Common Shares, beginning of period	155,335,545	130,875,408
Conversion of convertible debentures interest (Note 9)	1,112,959	-
Conversion of convertible debentures (Note 9)	-	8,480,000
Exercise of warrants (Note 13)	333,300	2,060,028
Exercise of options (Notes 13, 17)	387,200	174,420
Finders' fees settled (Note 9)	3,696,031	-
Private placement	-	11,926,664
PSUs and RSUs settled (Note 13)	-	1,819,025
Common Shares, end of period	**160,865,035**	**155,335,545**

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 ("Preferred Shares") at $0.29 per share for total proceeds of $8,480,979, which represented 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 three 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, and a take or pay offtake agreement for the sale of asphalt oil and aggregate from the Empower facilities to the TAMKO facilities. As part of the MOU, TAMKO agreed to an exclusivity period beginning July 31, 2023 and ending the date that is three years following the acceptance by ERA of certain milestones with ERA. The exclusivity period may be extended based on criteria set out in the MOU. Effective May 24, 2024, the MOU was revised to increase the number of U.S. processing facilities contemplated under the agreement from three to four and to extend the exclusivity period from three years to four years.

In addition, TAMKO agreed 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)

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 Series A 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 was classified as a contract liability with the residual amount of $5,631,271, net of transaction costs of $71,456 classified as equity. The contract liability is recognized in profit or loss on a straight-line basis over its useful life. Amortization commenced in 2025 following the achievement of ERA Milestone 3. During 2025, the initial three-year amortization period was extended by an additional two years, as a change in estimate, to align with the exclusivity period as defined in the MOU. For the three months ended March 31, 2026, the Company recognized amortization of $138,913 (three months ended March 31, 2025 - $Nil).

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. 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, 2025	**12,107,383**	**$ 0.24**
Exercised	(387,200)	0.21
Expired	(2,470,000)	0.21
Forfeited	(558,786)	0.21
Outstanding, March 31, 2026	**8,691,397**	**$ 0.25**

During the three months ended March 31, 2026, the Company issued 387,200 Common Shares resulting from stock options exercised by the related parties.

Share-based compensation recognized for options vested during the three months ended March 31, 2026 was $113,502 (three months ended March 31, 2025 - $124,229).

(Unaudited - Expressed in Canadian dollars)

Outstanding and exercisable stock options as at March 31, 2026:

Expiry Date	Exercise Price	Number of Options Outstanding	Number of Options Exercisable
July 12, 2026	$ 0.21	1,742,800	1,742,800
December 15, 2026	$ 0.21	100,000	100,000
February 7, 2027	$ 0.21	200,000	200,000
April 19, 2027	$ 0.21	194,426	194,426
August 30, 2027	$ 0.21	20,000	20,000
March 2, 2028	$ 0.21	11,000	11,000
September 7, 2028	$ 0.21	1,034,759	1,034,759
October 4, 2028	$ 0.21	25,000	25,000
January 8, 2029	$ 0.21	250,000	250,000
February 20, 2029	$ 0.21	11,000	11,000
September 19, 2029	$ 0.22	2,354,652	1,809,594
November 25, 2029	$ 0.28	310,000	155,000
July 9, 2030	$ 0.36	2,422,760	605,690
September 18, 2030	$ 0.36	15,000	3,750
Total Outstanding		**8,691,397**	**6,163,019**

The estimated remaining life of the stock options at March 31, 2026 was 2.77 years.

Subsequent to the end of the period, no stock options were exercised or expired.

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2025	**63,385,948**	**$ 0.31**
Issued	450,000	0.35
Exercised	(333,300)	0.20
Expired	(24,000)	0.35
Outstanding, March 31, 2026	**63,478,648**	**$ 0.31**

The estimated remaining life of the warrants at March 31, 2026 is 0.9 years (December 31, 2025 - 1.2 years).

(Unaudited - Expressed in Canadian dollars)

Outstanding and exercisable warrants:

	Expiry Date	Exercise Price	March 31, 2026
	February 28, 2026	$ 0.35	200,000
	April 19, 2026	$ 0.20	16,013,858
	July 13, 2026 (1)	$ 0.28	5,002,517
	July 13, 2026 (1)	$ 0.47	695,072
	December 21, 2026	$ 0.30	11,616,500
	February 16, 2027	$ 0.30	7,006,250
	June 26, 2027	$ 0.35	9,720,000
	July 23, 2028	$ 0.30	597,787
	July 25, 2028	$ 0.45	11,926,664
	December 5, 2028	$ 0.40	250,000
	January 23, 2029	$ 0.35	450,000
Outstanding and exercisable			**63,478,648**

(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 three months ended March 31, 2026, in connection with the January 2026 unsecured debentures (Note 8), the Company issued 450,000 warrants, which are exercisable to purchase on additional Common Share at $0.35 per share until January 23, 2029.

The Company issued 333,300 Common Shares resulting from warrants exercised during the period (Note 11).

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 March 31, 2026, 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 equity-settled RSUs and PSUs outstanding at March 31, 2026:

	Vesting Date	March 31, 2026
2024 RSUs	September 19, 2026	260,466
2024 RSUs	November 25, 2026	155,000
2025 RSUs	July 9, 2026	268,611
2025 RSUs	July 9, 2027	268,611
2025 PSUs	July 9, 2026	598,694
2025 PSUs	July 9, 2027	598,694
Total RSUs and PSUs		**2,150,076**

(Unaudited - Expressed in Canadian dollars)

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.

During the three months ended March 31, 2026, 87,210 equity-settled RSUs vested with 87,210 Common Shares issued subsequently (Note 21).

As at March 31, 2026, $38,294 recognized as equity-based compensation payable pertaining to vested cash-settled PSUs remain in the equity-based compensation payable (December 31, 2025 - $38,294).

As at March 31, 2026, $222,318 of long-term cash bonuses payable, pertaining to the prior restructuring plan of Company's performance units, remain accrued and presented within current accounts payable and accrued liabilities (December 31, 2025 - $222,318).

During the three months ended March 31, 2026, total share-based compensation recognized for the vested RSUs and PSUs was $121,601 (three months ended March 31, 2025 - $106,295, of which $35,700 is presented as wages and benefits, and the remaining $70,595 is presented as share-based compensation in the condensed interim consolidated statement of loss and comprehensive loss).

14. REVENUE

Revenue at Empower Calgary is generated primarily from tipping fees charged for the collection of post-consumer asphalt shingles and manufacturing shingle tear-offs delivered to the facility. For the three months ended March 31, 2026, revenues were comprised of tipping fees. Revenue is recognized when the related shingle collection services are provided, in accordance with IFRS 15 Revenue from Contracts with Customers.

As commercial operations have not yet commenced, the Company does not expect to generate material revenue from the sale of recovered asphalt, aggregate, fibre or related products until ramp up to commercial operations is achieved.

15. PRE-COMMERCIAL OPERATING COSTS

Prior to the commencement of commercial production at Empower Calgary, certain facility-level operating costs, including labour, rent, utilities, insurance, site services, maintenance and other operating expenditures, are expensed as incurred. These costs relate to early operational readiness activities and ongoing facility operation prior to achieving design based commercial production levels. As these costs do not meet the criteria for capitalization under IAS 2 *Inventories*, they are presented within operating expenses. These pre-commercial operating costs are expected to transition to cost of sales following ramp up of operations.

16. GENERAL & ADMINISTRATIVE EXPENSES

Three months ended March 31	2026	2025
Wages, benefits and director fees (Note 17)	$ 544,966	$ 521,330
Professional fees	239,556	149,400
Consulting fees	156,341	50,506
Advertising, marketing and investor relations	171,449	146,884
Travel	29,686	39,195
Transfer agent and regulatory fees	72,865	13,332
IT and communications	24,439	21,253
Office and administration	18,987	19,865
	$ 1,258,289	$ 961,765

(Unaudited - Expressed in Canadian dollars)

17. RELATED PARTY TRANSACTIONS AND BALANCES

(a) As at March 31, 2026, accounts payable and accrued liabilities include $1,142,711 (December 31, 2025 - $1,009,312) owing to key management personnel related to annual performance bonuses, salary and fees deferrals and expense reimbursements. 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 March 31	2026	2025
Wages, benefits and director fees	$ 243,371	$ 321,928
Share-based compensation	145,965	152,819
	$ 389,336	$ 474,747

(c) During the three months ended March 31, 2026, the Company issued 387,200 Common Shares to key management personnel pursuant to exercise of stock options (three months ended March 31, 2025 – nil) (Notes 11, 13).

(d) Between February 26, 2026 and March 26, 2026, the Company entered into unsecured promissory note agreements totalling $400,000 with certain related parties. The notes bear interest at 9% per annum, include a 2% repayment premium, and are repayable no later than May 29, 2027 (Note 8). The notes were repaid in full subsequent to the end of the period, on April 30, 2026.

(e) During the three months ended March 31, 2026, the Company issued 111,272 Common Shares to certain related parties to satisfy the convertible debentures interest owing at December 31, 2025. Subsequently to the three months ended March 31, 2026, the Company issued 12,500 Common Shares to a related party to satisfy convertible debentures interest owing at February 28, 2026 (Note 9).

18. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Three months ended March 31	2026	2025
Changes in non-cash working capital items:		
GST receivables	$ 6,667	$ (261,966)
Receivables	3,884	9,504
Inventories	(19,671)	-
Prepaids	30,017	147,230
Accounts payable and accrued liabilities	1,802,984	(1,841,124)
	1,823,881	(1,946,356)
Changes in non-cash working capital relating to:		
Operating	1,776,184	(1,236,909)
Investing	202,128	(709,447)
Financing	(154,431)	-
	$ 1,823,881	$ (1,946,356)

Significant non-cash transactions during the three months ended March 31, 2026 include $984,246 of accounts payable and accrued liabilities related to property, plant and equipment (three months ended March 31, 2025 - $1,900,614).

(Unaudited - Expressed in Canadian dollars)

19. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Fair Value Measurements Recognized on the Condensed Interim Consolidated Statement of Financial Position

The financial instruments recognized on the condensed interim consolidated statement of financial position are comprised of cash and cash equivalents, receivables, accounts payable and accrued liabilities, equity-based compensation payable, loans payable, convertible debentures, and royalty debenture.

The carrying values of cash, receivables, accounts payable and accrued liabilities, equity-based compensation payable, loans payable and USD convertible debenture host debt included on the condensed interim 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 following fair values are based on Level 3 inputs to fair value measurement:

	As at March 31, 2026		As at December 31, 2025	
	Carrying amount	**Fair Value**	**Carrying amount**	**Fair Value**
Recurring measurements:				
Financial liabilities				
Convertible debentures	$ 14,725,480	$ 15,218,202	$ 6,782,459	$ 7,661,391
Derivative liability	$ 4,860,000	$ 4,860,000	-	-
Royalty debenture	$ 16,287,784	$ 16,287,784	$ 15,898,050	$ 15,898,050

The fair value of the convertible debentures is based on Level 3 inputs and determined based on the best available information at the measurement date, incorporating observable market data and adjustments for current market conditions such as prevailing interest rates, credit spreads, and equity price levels.

The fair value of derivative liability is classified as Level 3, measured using a modified barrier (up-and-out call) option pricing model and are determined using significant unobservable inputs including assumptions regarding volatility, and the probability of barrier activation. Observable inputs incorporated in the model include the Company's Common Share price, the CAD/USD exchange rate, and the contractual terms of the instrument (conversion price, term, coupon rate, and barrier price).

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 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.

(Unaudited - Expressed in Canadian dollars)

- Level 3 – inputs to the valuation methodology are unobservable and significant to the fair value measurement.

During the three months ended March 31, 2026 and 2025 there have been no transfers of amounts between Level 1, Level 2, and Level 3 of the fair value hierarchy.

20. 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 condensed interim consolidated balance sheet. The Company had the following variable lease commitments as at March 31, 2026:

	2026	2027	2028	2029	2030	Thereafter	Total
Northstar (i)	$ 23,463	$ 31,284	$ 31,284	$ 31,284	$ 2,607	$ -	$ 119,922
Empower Calgary(ii)	99,750	133,000	133,000	133,000	133,000	1,064,000	1,695,750
Empower Delta (iii)	200,556	267,408	267,408	267,408	267,408	2,674,075	3,944,263
	$ 323,769	**$ 431,692**	**$ 431,692**	**$ 431,692**	**$ 403,015**	**$ 3,738,075**	**$ 5,759,935**

(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.

(ii) Estimated annual operating costs related to land and building for Empower Calgary with an initial term of 15 years commencing August 1, 2025, 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.

21. SUBSEQUENT EVENTS

On April 2, 2026, the Company closed the Tranche 2 of the US$10,000,000 ($13,925,200) non-brokered private placement of USD convertible debentures, for additional gross proceeds of US$1,000,000 ($1,391,800) (Note 9). In connection with the Tranche 2, the Company paid finder's fees, satisfied through the issuance of 411,450 Common Shares at a price of $0.20 per Common Share.

During April 2026, the Company issued 4,079,878 Common Shares resulting from warrants and broker warrants exercised at a price of $0.20 per Common Share for the total gross proceeds of $815,976.

On April 23, 2026, the Company issued 87,210 Common Shares to former employee associated with the equity-based RSUs which vested on March 31, 2026.

On April 27, 2026, the Company issued 118,750 Common Shares to satisfy the interest owing at February 28, 2026 of $23,750 related to the February 2023 Tranche of convertible debentures. Of the total shares, 12,500 Common Shares were issued to related parties (Note 9).

On April 30, 2026, the Company repaid in full the promissory notes with a principal balance of $400,000, together with accrued interest and a 2% repayment premium (Note 8).