MANAGEMENT'S DISCUSSION AND ANALYSIS
FOR THE QUARTER ENDED MARCH 31, 2026

The following management's discussion and analysis ("MD&A") was prepared as of June 1, 2026 and is management's assessment of the historical financial and operating results of Northstar Clean Technologies Inc. ("Northstar" or the "Company") and should be read in conjunction with the unaudited condensed interim consolidated financial statements ("Interim Consolidated Financial Statements") of the Company for the three months ended March 31, 2026, as well as the audited consolidated financial statements and notes thereto for the year ended December 31, 2025 and the 2025 annual MD&A.

The Interim Consolidated Financial Statements were prepared on a going concern basis in accordance with International Financial Reporting Standards. Northstar's management is responsible for the integrity of the information contained in this MD&A and for the consistency between the MD&A and the Interim Consolidated Financial Statements. In the preparation of the Interim Consolidated Financial Statements, estimates are necessary to make a determination of future values of certain assets and liabilities. Management believes these estimates have been based on careful judgements and have been properly presented. The Interim Consolidated Financial Statements have been prepared using policies and procedures established by management and fairly reflect Northstar's financial position, results of operations and funds flow from operations. Northstar's Board of Directors approved the Interim Consolidated Financial Statements and MD&A for distribution on June 1, 2026. All dollar amounts referred to in this MD&A are expressed in Canadian dollars except where indicated otherwise.

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DESCRIPTION OF THE BUSINESS

Northstar is a Canadian waste to value technology company focused on the sustainable recovery and reprocessing of asphalt shingles. Northstar developed and owns a proprietary design process for taking discarded asphalt shingles, otherwise destined for already over-crowded landfills, and extracts the liquid asphalt for use in new hot mix asphalt, shingle manufacturing and asphalt flat roof systems, while also extracting aggregate and fibre for use in construction products and other industrial applications. Focused on the circular economy, Northstar plans to reprocess used or defective asphalt shingle waste back into its three primary components for reuse/resale at its first commercial scale up facility in Calgary, Alberta ("Empower Calgary").

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

As an emerging innovator in sustainable processing, Northstar's mission is to be the leader in the recovery and reprocessing of asphalt shingles in North America, extracting the recovered components from asphalt shingles that would otherwise be sent to landfill. The Company successfully completed its initial pilot facility in Delta, BC ("Empower Delta"). Pilot operations were completed in late 2022 following production and testing that demonstrated the Company's proprietary BEST technology and generated design feedback that successfully de-risked the technology and served as the engineering foundation for Empower Calgary.

Empower Delta – Delta, BC

Empower Delta, located in Delta, British Columbia, served as the Company's technology and design foundation for Empower Calgary. Pilot operations were completed in late 2022 following steady-state production that demonstrated the Company's proprietary BEST technology, supported customer testing and R&D activities, and generated design feedback that informed the detailed engineering of the Company's first commercial-scale facility.

Empower Calgary – Calgary, AB

Empower Calgary is Northstar's first commercial-scale facility, located in Rocky View County adjacent to Calgary, Alberta. Construction 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.

Empower Calgary is designed as a modular scale-up facility with an estimated capacity of 150–200 tonnes per day and forms the foundation of the Company's planned North American expansion strategy.

The Company listed its common shares (the "Common Shares") on the TSX Venture Exchange (the "TSXV") and began publicly trading on the TSXV under the symbol 'ROOF' on July 13, 2021. On January 11, 2022, the Common Shares commenced trading on the OTCQB Venture Market under the ticker symbol 'ROOOF'.

The head office and principal address of the Company is located at 101, 12111 40 Street SE, Calgary, Alberta, T2Z 4E6. The Company's registered and records office is located at 2900 – 550 Burrard Street, Vancouver, BC, V6C 0A3.

HIGHLIGHTS

During the quarter ended March 31, 2026, the Company continued to advance its first operating facility towards ramp up of commercial operations, while progressing its expansion strategy. Key highlights include:

- On January 13, 2026, the Company announced the selection of Baltimore, Maryland as its first US expansion location.
- On January 23, 2026, the Company completed a second tranche of a non-brokered financing, ultimately resulting in gross proceeds of $900,000, consisting of 180 units ("Unsecured Debt"). 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 bear interest at 9% per annum, payable semi-annually in cash or Common Shares.
- On February 17, 2026, the Company extended the maturity date of $525,000 convertible debentures from the original maturity date of February 28, 2026, to February 28, 2027, with all terms remaining unchanged. The Company originally raised $625,000 under this financing.
- On March 30, 2026, the Company closed the first tranche of a US$10,000,000 non-brokered private placement of unsecured convertible debentures for gross proceeds of US$9,000,000. Each convertible debenture has a 5-year term and bears interest at a rate of 8% per annum on the outstanding principal amount. The principal amount of the convertible debentures will be convertible into Common Shares at the option of the holder at any time during the 5-year term from the date of issuance at a conversion price of US$0.20 per Common Share. Additional information regarding debt obligations and maturity profiles is included under "Liquidity and Capital Resources".

Subsequent to the end of the quarter:

- On April 2, 2026, the Company closed the second tranche of the US$10,000,000 non-brokered private placement of unsecured convertible debentures for gross proceeds of US$1,000,000. Terms of the financing are consistent with the first tranche which closed on March 30, 2026. In connection with the second tranche, 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.
- 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.

OUTLOOK

The completion of construction and commissioning activities at Empower Calgary in 2025 established one of the first commercial asphalt shingle recovery and reprocessing operations in North America and demonstrated the commercial-scale application of the Company's technology. Achieving feedstock processing rates of approximately 80 tonnes per day during commissioning provided a technical basis for the Company's view that its process can be successfully scaled to meet estimated design capacity for recovered asphalt, aggregate, and related materials.

The Company continues to focus on ramping up operations at its Empower Calgary Facility, including the implementation of throughput improvements and operational bottleneck solutions identified during commissioning. The Company expects to operate in the 100 – 150 tpd range in the near term, with full production processing volumes of 150 tpd following a planned upgrade in the fall of 2026.

In parallel, the Company intends to progress development activities for future facilities in Baltimore and Hamilton, with efforts centered on permitting and engineering. Engineering work for these locations is expected to incorporate process and technological improvements garnered from construction, commissioning, and operational experience at Empower Calgary, including planned debottlenecking initiatives following the proposed upgrade. The Company currently anticipates minimal expenditures related to these projects through 2026 while engineering and permitting activities advance. Construction and commissioning activities are targeted to commence in 2027 with commercial production expected in 2028.

Northstar's growth strategy is supported by broader industry trends toward circular-economy solutions, waste diversion, and low-carbon construction materials across North America.

RESULTS OF OPERATIONS

	Three months ended March 31	
	2026	**2025**
Revenue	$ 208,458	$ 175,517
Loss from operating activities	2,936,886	1,790,813
Loss from other items	1,928,089	1,159,104
Loss and comprehensive loss	4,839,819	2,949,917
Basic and diluted loss per share	$ 0.03	$ 0.02

Net loss and comprehensive loss for the three months ended March 31, 2026, increased to $4.8 million compared with $2.9 million for 2025. The following discussion outlines the key factors contributing to the higher loss and comprehensive loss in 2026 relative to the three months ended March 31, 2025.

Revenue

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

Tipping fees were $208,458 on 3,474 tonnes collected for the three months ended March 31, 2026, compared with $175,517 on 2,925 tonnes for the three months ended March 31, 2025. Tonnage increased by approximately 15%.

Loss from Operating Activities

	Three months ended March 31	
	2026	**2025**
Revenue	$ 208,458	$ 175,517
Cost of sales	(124,809)	(223,307)
	83,649	(47,790)
Expenses		
Pre-commercial operating	1,114,987	180,546
Depreciation and amortization	292,509	325,394
General and administrative	1,258,289	961,765
Share based compensation	235,103	194,824
Insurance	119,647	80,494
Loss from operating activities	**$ (2,936,886)**	**$ (1,790,813)**

For the three months ended March 31, 2026, the loss from operating activities increased to $2.9 million from $1.8 million in the same period of 2025 driven primarily by an increase in general and administrative ("G&A") and pre-commercial operating expenses. G&A increased period over period primarily due to external advisory costs which increased to $395,897 for the three months ended March 31, 2026 compared to $199,906 for the three months ended March 31, 2025. Pre-commercial operating costs include facility rent, utilities, and facility operating costs. Pre-commercial operating costs increased to $1,114,987 for the three months ended March 31, 2026, compared to $180,546 for the three months ended March 31, 2025, primarily due to increase in the facility operating costs, which include labor, equipment rentals, repairs and maintenance and plant supplies.

Other Items

	Three months ended March 31	
	2026	**2025**
Interest and finance expense	$ (961,385)	$ (814,314)
Fair value re-measurement of royalty debenture	(389,734)	(353,500)
Change in fair value of conversion option	(405,000)	-
Financing costs	(317,688)	-
Foreign exchange gain (loss)	(2,715)	(2,791)
Amortization of contract liability	138,913	-
Interest income	-	11,501
Other income	9,520	-
	$ (1,928,089)	**$ (1,159,104)**

Other items include cash and non-cash items. Non-cash items include the fair value re-measurement of royalty debenture, change in fair value of conversion option, financing costs, amortization of contract liability and interest accretion which is included as a component of interest and finance expense. Additional information regarding these non-cash items is included under "Liquidity and Capital Resources".

For the three months ended March 31, 2026, interest and finance expense increased to $961,385 from $814,314 for the three months ended March 31, 2025. Non-cash accretion expense on convertible debentures increased to $677,864 for the three months ended March 31, 2026, compared to $528,219 for the three months ended March 31, 2025. Cash interest expense remained consistent at $283,521 for the three months ended March 31, 2026, compared to $286,095 for the three months ended March 31, 2025. Interest expense is incurred on convertible debentures at rates ranging from 10% to 12.5%, the Business Development Bank of Canada ("BDC") credit agreement with interest payable monthly at the rate of 7.95%, unsecured debentures at a rate of 9%, and the US denominated convertible debenture at a rate of 8%.

CAPITALIZATION AND FINANCIAL RESOURCES

Capital Expenditures

	Three months ended March 31	
	2026	**2025**
Empower Calgary	$ 478,175	$ 3,904,342
Corporate	-	6,569
	478,175	3,910,911
Capitalized interest	176,541	169,578
Capital expenditures	$ 654,716	$ 4,080,489

Capital expenditures were $478,175 for the three months ended March 31, 2026, compared to $3.9 million for the same period of 2025. Construction of the Empower Calgary facility was substantially completed in first quarter of 2025. Capital expenditures for the three months ended 2026 include assets purchased as the Company addresses material-transfer and processing issues which were identified following commissioning during the fourth quarter of 2025. These material-transfer and processing changes are anticipated to continue throughout the second and third quarters of 2026, followed by a planned upgrade in the fall of 2026.

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.

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

Loans Payable

	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**
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**

The Company's senior secured debt is a non-revolving $8,750,000 loan with the BDC for the development and construction of the Empower Calgary facility (the "BDC Financing"). The loan carries a 13-year amortization period which began June 30, 2025, with a fixed five-year interest rate of 7.95%, payable monthly. As at December 31, 2025, the Company had fully drawn the $8,750,000 available under the BDC Facility (December 31, 2025 – $8,750,000). On November 18, 2025, the BDC Facility 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 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 at the Empower Environmental Solutions Calgary Ltd. subsidiary level of 1.1:1. 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. 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.

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. 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. The financing was subscribed for by an arm's-length investor.

On January 23, 2026, the Company completed the second tranche of a non-brokered financing for 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.

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, includes 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.

Convertible Debentures

Date of issue	Maturity	March 31, 2026	December 31, 2025
December 2022	December 2025	$ -	$ -
February 2023	February 2026	525,000	525,000
December 2023	December 2026	1,760,000	1,760,000
February 2024	February 2027	1,000,000	1,000,000
May 2024	May 2027	2,455,000	2,455,000
June 2024	June 2027	2,250,000	2,250,000
Balance, end of year		**$ 7,990,000**	**$ 7,990,000**
Less current portion		(3,285,000)	(2,285,000)
Long term portion		**$ 4,705,000**	**$ 5,705,000**

Since December 2022, the Company entered into various financing arrangements through issuance of convertible debentures in tranches, raising a total of $10.4 million.

As of March 31, 2026, convertible debentures with an aggregate principal amount of $8.0 million remain outstanding, with $3.3 million due within the next 12 months. No conversions occurred during the three months ended March 31, 2026.

On February 28, 2026 the Company entered into agreements to extend the maturity date of $525,000 in convertible debentures (the "February 2023 Tranche") 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 Company also issued 118,750 Common Shares to satisfy the interest owing at February 28, 2026 of $23,750 related to the February 2023 Tranche. Of the total shares, 12,500 Common Shares were issued to related parties.

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.

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.

The continuity of the USD convertible debentures and associated derivative 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.

Royalty Debenture

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:

	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**

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.

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.

CASH FLOW SUMMARY

	Three months ended March 31	
	2026	**2025**
Net cash provided by (used in):		
Operating activities	$ (623,853)	$ (2,508,230)
Investing activities	(276,047)	(4,636,069)
Financing activities	13,105,346	(227,656)
Effect of exchange rate changes on cash and cash equivalents	(184)	(567)
Net change in cash and cash equivalents	**$ 12,205,262**	**$ (7,372,522)**

For the three months ended March 31, 2026, net cash used in operating activities decreased to $0.6 million from $2.5 million for the same period of 2025 largely due the change in non-cash working capital. The change in non-cash working capital was a source of cash of $1.8 million for the three months ended March 31, 2026 compared to a use of cash of $1.2 million for the three months ended March 31, 2025. The period-over-period variance primarily reflects higher accounts payable balances as at March 31, 2026 due to the timing of supplier invoicing and payments, which reduced cash outflows in the period.

For the three months ended March 31, 2026, net cash used in investing activities was $0.3 million compared to $4.6 million for the same period of 2025. Construction of the Empower Calgary Facility was substantially completed as at March 31, 2025.

On March 30, 2026, the Company closed the first tranche of a US$10,000,000 non-brokered private placement of unsecured convertible debentures, for gross proceeds of US$9,000,000 resulting in net cash of $13.1 million provided by financing activities for the three months ended March 31, 2026 compared to a use of $227,656 for the three months ended March 31, 2025.

OFF-BALANCE SHEET ARRANGEMENTS

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

SHARES OUTSTANDING

At March 31, 2026, the Company had the following share capital instruments outstanding or exercisable:

	Units
Common Shares:	
Outstanding at December 31, 2025	155,335,545
Conversion of convertible debentures interest	1,112,959
Exercise of options(1)	387,200
Exercise of warrants(2)	333,300
Finders' fees settled	3,696,031
Common Shares outstanding as at March 31, 2026	**160,865,035**
Convertible securities:	
Equity-settled RSUs and PSUs	2,150,076
Stock options outstanding	8,691,397
Warrants	63,478,647
Convertible securities as at March 31, 2026	**74,320,120**
Preferred shares	
Preferred shares outstanding as at March 31, 2026	**29,244,756**

(1) Options were exercised at the price of $0.21 per Common Share, resulting in the cash proceeds received of $81,312.

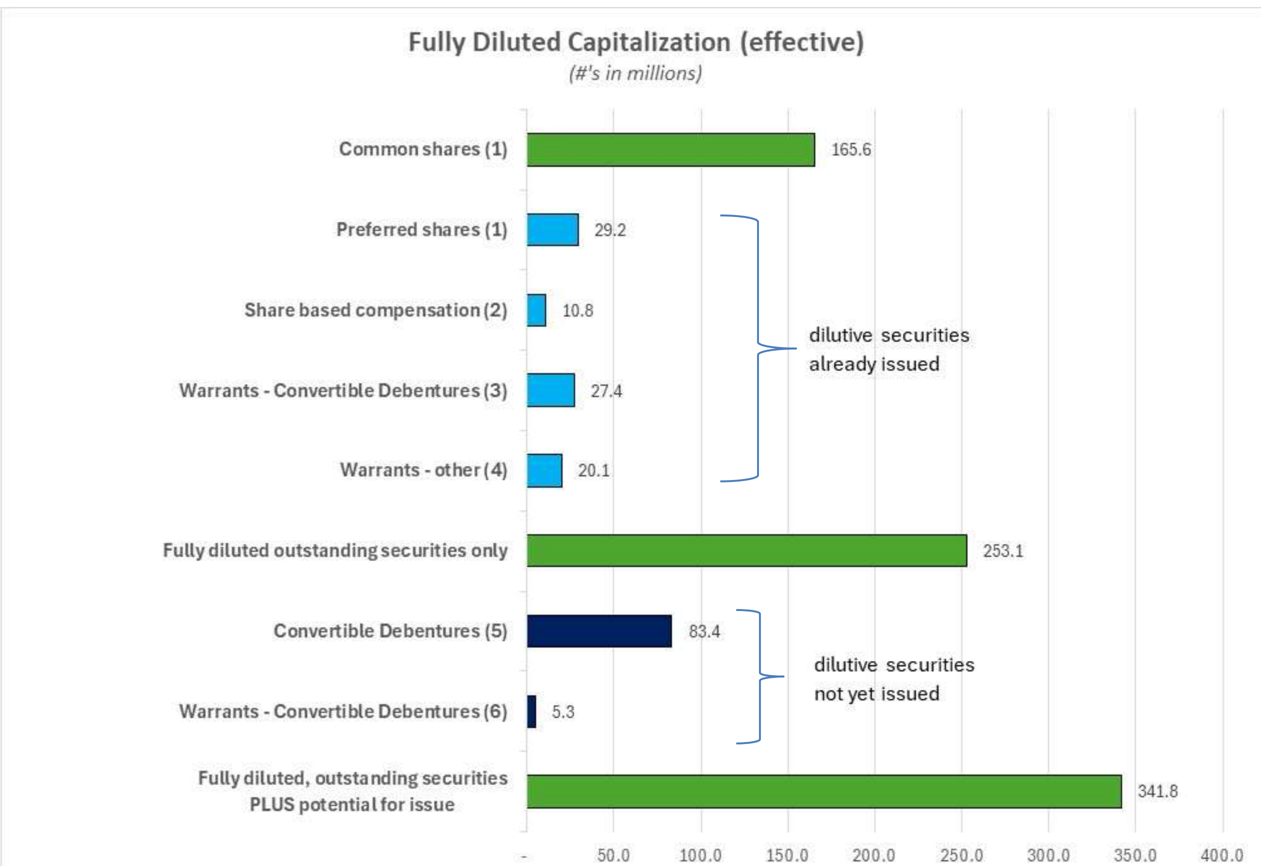
(2) Warrants were exercised at the price of $0.2 per Common Share, resulting in the cash proceeds received of $66,660.

Subsequent to the end of the quarter, the Company had the following share capital instruments outstanding or exercisable at June 1, 2026:

	Units
Common Shares:	
Outstanding as at March 31, 2026	160,865,035
Release of previously vested equity-settled RSUs	87,210
Finders' Fees settled	411,450
Exercise of warrants [(1)]	4,079,878
Conversion of convertible debentures interest	118,750
Common Shares outstanding as at June 1, 2026	**165,562,323**
Convertible securities granted and outstanding:	
Equity-settled RSUs and PSUs	2,150,076
Stock options outstanding	8,691,397
Warrants	47,464,789
Convertible securities as at June 1, 2026	**58,306,262**
Preferred shares	
Preferred shares outstanding as at June 1, 2026	**29,244,756**

(1) Warrants were exercised at the price of $0.20 per Common Share, resulting in the cash proceeds received of $815,976.

The following chart illustrates the potential fully diluted capitalization of the Company assuming all dilutive securities, including those already issued and those not yet issued, are converted into Common Shares as at June 1, 2026:



[(1)] Outstanding as at June 1, 2026.
[(2)] Includes granted and outstanding stock options, equity settled RSUs and equity settled PSUs.
[(3)] Includes outstanding warrants associated with Type 2 convertible debentures and outstanding warrants issued upon exercise of Type 1 convertible debentures. For additional information related to features of the Company's convertible debentures refer to Note 9 in the Condensed Consolidated Interim Financial Statements as at March 31, 2026.
[(4)] Includes outstanding warrants associated with historical financings and broker warrants.
[(5)] Shares to potentially be issued should holders of outstanding convertible debentures convert to equity rather than request repayment.
[(6)] Includes warrants to be issued upon conversion of remaining Type 1 convertible debentures.
[(7)] Should all warrants and stock options currently issued and potentially issued upon conversion of convertible debentures be exercised, the Company would receive approximately $2 million in gross proceeds.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The information presented in the table below reflects management's estimate of the contractual maturities of obligations at March 31, 2026. These estimates may differ significantly from the actual maturities of these obligations.

	2026	2027	2028	2029	2030	Thereafter	Total
Office lease-related operating costs							
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
Other obligations							
Lease Liabilities – base rent							
Northstar [(i)]	42,276	57,983	59,744	59,891	4,991	-	224,885
Empower Calgary[(ii)]	657,036	888,088	900,276	912,904	961,361	9,467,215	13,786,880
Empower Delta [(iii)]	656,739	897,544	919,983	942,982	966,557	11,099,421	15,483,226
	1,356,051	1,843,615	1,880,003	1,915,777	1,932,909	20,566,636	29,494,991
Senior secured non-revolving loan [(iv)]	504,720	672,960	672,960	672,960	672,960	5,215,440	8,412,000
Unsecured debt [(v)]	-	-	1,000,000	900,000	-	-	1,900,000
Interest on Loans Payable [(vi)]	662,720	774,992	674,551	542,662	443,490	1,623,150	4,721,565
Convertible Debenture [(vii)]	2,285,000	5,705,000	-	-	-	13,939,000	21,929,000
Royalty Debenture [(vii)]	-	-	-	16,287,784	-	-	16,287,784
Interest on royalty Debenture [(viii)]	810,338	1,620,675	1,620,675	1,620,675	-	-	5,672,363
Total other obligations	5,618,829	10,617,242	5,848,189	21,939,858	3,049,359	41,344,226	88,417,703
Total commitments and obligations	5,942,598	11,048,934	6,279,881	22,371,550	3,452,374	45,082,301	94,177,638

(i) Leased office space with an initial term of 5 years commencing February 1, 2025, and includes one additional 5-year term. Office lease-related operating costs includes estimated annual operating costs and property taxes. Other obligations include undiscounted future obligations associated with this liability.
(ii) Leased land and building for the Empower Calgary facility in Rocky View County near Calgary, Alberta with an initial term of 15 years commencing March 1, 2025 and two additional 5-year optional terms. Office lease-related operating costs includes estimated annual operating costs and property taxes. Other obligations include undiscounted future obligations associated with this liability.
(iii) Leased land and building for the pilot facility in Delta, BC with an initial term commencing January 1, 2025, and ending December 31, 2040. Office lease-related operating costs includes estimated annual operating costs and property taxes. Other obligations include undiscounted future obligations associated with this liability.
(iv) The BDC Financing has a 13-year repayment period and annual interest rate of 7.95% for five years.
(v) The Unsecured Debt matures December 5, 2028 and January 23, 2029, respectively.
(vi) Interest on the BDC Financing and Unsecured Debt as per contract terms.
(vii) Represents principal balance as at December 31, 2025; US denominated instruments translated at foreign exchange = 1.3939.
(viii) Assumes semi-annual 10% interest payments paid in cash when due.

Subsequent to the end of the quarter, on April 2, 2026, the Company closed Tranche 2 of the US$10,000,000 non-brokered private placement of unsecured convertible debentures for gross proceeds of US$1,000,000. Terms of the financing remain consistent with Tranche 1 which closed on March 30, 2026. Additional information regarding debt obligations and maturity profiles is included under "Liquidity and Capital Resources".

CAPITAL MANAGEMENT

The Company's capital structure consists of cash and cash equivalents, loans, convertible debentures, royalty debentures, and shareholders' equity. Northstar's capital management objectives are to safeguard its ability to continue as a going concern, support the advancement of its processing technology, and maintain a flexible capital structure that optimizes the cost of capital at an acceptable level of risk.

Given that Empower Calgary has completed commissioning but has not yet commenced commercial operations, the Company does not expect to generate material product-related revenue until production begins in the second half of 2026. During this period, revenue will remain primarily attributable to tipping fees, together with early-stage recovered asphalt sales as operations ramp up. As a result, the Company continues to rely on external capital to fund operations, optimization activities, and working capital requirements. Management's approach to capital management therefore emphasizes maintaining adequate liquidity, aligning expenditures with operational priorities, and ensuring access to a diversified set of financing options. These options may include issuing equity, securing new debt or convertible debt, entering strategic partnerships, pursuing royalty-based financing arrangements, and evaluating government or other non-dilutive funding programs.

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

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

As the Company progresses toward commercial operations at Empower Calgary, management anticipates that its capital management priorities will evolve. Following the commencement of production, the Company expects to place greater emphasis on optimizing the capital structure and evaluating opportunities to reinvest operating cash flows into future growth initiatives. Until commercial operations begin, however, the Company's capital management approach will continue to focus on maintaining liquidity, accessing external sources of capital, and supporting the ramp up of operations.

As at March 31, 2026, the Company's principal debt obligations include:

- $8,412,000 remaining principal on the non-revolving senior secured loan payable to BDC, amortized over 13 years with a fixed five-year interest rate of 7.95%, payable monthly;
- various convertible debentures with a principal balance remaining of $7,990,000 as at March 31, 2026, bearing interest rates between 10% and 12.5% and convertible into Common Shares at the option of the holders;
- a $16,287,784 five-year 10% second secured Royalty Debenture convertible into revenue royalties on two future facilities, with no permitted principal payments and interest payable semi-annually or, at the Company's election, capitalized;
- $400,000, 9% promissory notes due February 27, 2026 and May 29, 2027;
- $1,900,000 three-year 9% unsecured debentures; and
- US$9,000,000 convertible debenture, 8% interest rate, convertible into Common Shares at the option of the holders.

As at March 31, 2026, $4,234,412 of the Company's loans and convertible debt obligations are due within the next 12 months. Included in current liabilities on the Condensed Interim Consolidate Statement of Financial Position as at March 31, 2026 are USD convertible debentures and the related derivative liability, which are classified as current in accordance with IAS 1 because 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 rather than through the use of working capital.

The Company continually assesses its financing requirements and its ability to access equity or debt markets considering operational progress, capital market conditions, and the continued participation of strategic partners. Broader economic factors and global market volatility may affect the availability and cost of capital, which could influence the Company's ability to execute its operational plan and broader growth strategy.

There have been no changes to the Company's approach to capital management for the period ended March 31, 2026. The Company is not subject to externally imposed capital requirements.

FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital Management

The Company is exposed to liquidity risk arising from its obligation to meet financial liabilities as they come due. As at March 31, 2026, the Company had a shareholders' deficiency of $12,953,860 and a working capital deficiency of $10,152,673 (December 31, 2025 - $6,546,505). Included in current liabilities are USD 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 rather than through the use of working capital. Excluding these instruments, the Company would have had positive working capital of $2,216,780 as at March 31, 2026. The shareholders' deficiency indicates a reliance on continued access to external financing and the ongoing support of its shareholders and creditors until Empower Calgary attains steady state operations and positive cash flows.

The Company's ability to discharge its obligations in the normal course of operations is dependent upon securing additional funding, generating positive operating cash flows, or restructuring the timing of certain liabilities. Management monitors cash flows on an ongoing basis and evaluates financing alternatives to ensure that sufficient liquidity is maintained to meet operational and contractual requirements. 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.

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 March 31, 2026, and December 31, 2025, there was no material expected credit loss recorded against receivables.

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 March 31, 2026, the Company had a working capital deficiency of $10,152,673 (December 31, 2025 - $6,546,505). Refer to the "Capital Management" subsection above for discussion regarding the classification of the USD convertible debentures and related derivative liability under IAS 1 and their impact on working capital.

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.

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 because interest rates are fixed.

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 USD and USD denominated payables and convertible debentures.

As at March 31, 2026, the Company has certain monetary items denominated in USD. Based on these net exposures, a 10% change of the Canadian dollar ("CAD") against the USD would result in an impact on net loss of $352,038 (December 31, 2025 – $17,276). The Company does not currently hedge its risk from changes in foreign currency exchange rates.

Fair Value Measurements Recognized on the 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 the 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.
- 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.

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).

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. The notes were repaid in full subsequent to the end of the quarter, 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.

SUMMARY OF QUARTERLY RESULTS

	March 31, 2026	December 31, 2025	September 30, 2025	June 30, 2025
Total assets	$ 57,774,577	$ 45,228,005	$ 46,834,573	$ 46,300,681
Property, plant and equipment	26,958,652	26,378,126	26,265,937	24,659,020
Working capital surplus (deficit)[1]	(10,152,673)	(6,546,505)	(3,814,324)	(1,697,301)
Shareholders' (deficiency) equity	(12,953,860)	(9,324,098)	(6,228,342)	(6,138,843)
Revenue	208,458	153,652	121,930	142,487
Expenses	3,020,535	3,356,629	2,625,426	2,150,251
Loss and comprehensive loss	4,839,819	4,723,833	3,947,979	3,130,135
Per share - basic and diluted	$ 0.03	$ 0.03	$ 0.03	$ 0.02
Weighted average shares outstanding	156,894,896	151,951,538	146,511,418	136,448,577

	March 31, 2025	December 31, 2024	September 30, 2024	June 30, 2024
Total assets	$ 49,378,626	$ 45,728,755	$ 36,949,134	$ 20,683,139
Property, plant and equipment	26,396,070	22,418,635	15,694,999	9,348,796
Working capital surplus (deficit)	(426,551)	3,763,913	9,794,657	3,446,112
Shareholders' (deficiency) equity	(3,462,176)	(1,333,578)	1,199,210	4,244,205
Revenue	175,517	165,186	164,669	240,114
Expenses	1,743,023	2,270,470	1,473,856	1,448,114
Loss and comprehensive loss	2,949,917	3,168,285	3,207,180	1,375,777
Per share - basic and diluted	$ 0.02	$ 0.02	$ 0.03	$ 0.01
Weighted average shares outstanding	132,942,452	129,443,826	127,713,206	127,424,597

(1) Refer to the "Capital Management" subsection above for discussion regarding the classification of the USD-denominated convertible debentures and related derivative under IAS 1 and their impact on working capital.

The Company's financial performance and position have fluctuated over the eight most recent quarters as it progressed from detailed engineering and construction of Empower Calgary through commissioning and into operational ramp up. Quarter-over-quarter changes in total assets, property, plant and equipment, and loss and comprehensive loss reflect the timing of capital investment, financing activities, commissioning expenditures, and the transition toward commercial operations.

The following items materially affected quarter-over-quarter changes over this period:

- Significant equity and debt capital raises including multiple tranches of convertible debentures, the Royalty Debenture, and draws under the BDC Financing, together, with material government grant receipts from ERA and Alberta Innovates. These inflows increased total assets through 2024 and early 2025, and were subsequently deployed into construction, commissioning, and pre-operating activities;
- For the three months ended March 31, 2026, the Company closed a US$9 million financing, which materially increased cash and strengthened near-term liquidity, however classification as current in accordance with IAS 1 resulted in a working capital deficiency of $10,152,673. Management expects that any conversion would be settled through the issuance of 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.
- Large capital expenditures related to Empower Calgary, which drove substantial increases in property, plant and equipment through 2023 and 2024 as financing proceeds were invested into the facility. Capital additions tapered as construction reached substantial completion and commissioning progressed into 2025;

- Increasing operating costs as the Company advanced toward commercial operations, with expense growth reflecting higher staffing levels, site-related operating costs, commissioning expenditures, and the transition from construction activities to operational readiness throughout 2024 and 2025; operating costs continued to increase during the three months ended March 31, 2026; and
- Volatility in working capital driven by the timing of financings, grant receipts, and capital spending. Large financing inflows in mid-2024 materially improved working capital, while subsequent capital expenditures, commissioning costs, and increased operating outflows in 2025 reduced short-term liquidity and contributed to the working capital deficit reported in 2025.

CRITICAL ACCOUNTING ESTIMATES

Management is often required to make judgements, assumptions and estimates in the application of International Financial Reporting Standards that have a significant impact on the financial results of the Company. A comprehensive discussion of the Company's material accounting policies is contained in note 3 to the Company's audited consolidated financial statements and notes thereto for the year ended December 31, 2025.

RISKS AND UNCERTAINTIES

Management defines risk as the evaluation of probability that an event might happen in the future that could negatively affect the financial condition and / or results of operations of the Company. The risks that could affect the Company have been described in the MD&A of the Company for the year ended December 31, 2025 which is available on the Company's website at www.northstarcleantech.com and is also available on the SEDAR+ website at https://www.sedarplus.ca. The risks identified therein do not constitute an exhaustive list of all possible risks as there may be additional risks of which management is currently unaware.

INTERNAL CONTROLS OVER FINANCIAL REPORTING

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

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

FORWARD LOOKING STATEMENTS

This MD&A contains forward-looking information and forward-looking statements (collectively, "forward-looking statements") within the meaning of applicable Canadian securities laws. Forward-looking statements relate to future events or the future performance of the Company and are based on expectations, estimates, projections and assumptions as of the date of this MD&A. All statements other than statements of historical fact may be forward-looking statements. Forward-looking statements are often, but not always, identified by words such as "expects", "does not expect", "plans", "anticipates", "does not anticipate", "believes", "intends", "estimated", "projects", "potential", "scheduled", "forecast", "budget", "hopes", "objective", and similar expressions, or that events or conditions "will", "would", "may", "could", "can", "should" or "might" occur. In addition, this MD&A uses forward-looking terminology that reflects the Company's current stage of development and operational transition, including terms such as "advance", "advancing", "optimization", "optimize", "refine", "refinement", "implement", "implementation", "transition", "transitioning", "ramp up", "scale", "scaling", "target", "targeted", "continue", "continued", "pursue", "pursuing", "evaluate", "evaluating", "commercial-ready", "commercial operations", "commercial production", "future facilities", "future expansion", "future development", and references to milestone-based progress such as "Milestone 3" and "Milestone 4." Forward-looking statements in this MD&A include, but are not limited to, statements regarding: the timing of commercial operations at Empower Calgary; the advancement, optimization, refinement and implementation of operating procedures and process improvements; anticipated production rates, processing capacity and product quality; the Company's ability to scale operations and transition from commissioning to commercial production; expected revenue streams, including tipping fees and future product sales; the Company's expectations regarding future capital requirements, expenditures, financing plans, liquidity and working capital; the Company's intentions to pursue additional funding, evaluate future facilities, and advance its broader growth strategy; anticipated technology transfer and risk reduction for future facilities; anticipated milestones under government grant programs; expectations regarding market demand, customer arrangements, supply and offtake agreements; and the potential for future expansion in Canada and the United States. Forward-looking statements are based on a number of assumptions that the Company believes are reasonable at the time they are made, including assumptions regarding: the Company's ability to complete process refinements and optimization activities; the performance of equipment and technology at commercial scale; the availability of labour, materials, equipment and third-party services; the Company's ability to secure additional financing on acceptable terms; the timing of regulatory approvals and permitting; the performance of counterparties under supply and offtake agreements; general economic and industry conditions; and the absence of material adverse changes in the Company's business, operations or financial condition.

Forward-looking statements involve known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those expressed or implied by such forward-looking statements. These risks include, but are not limited to, the risks described under "Risk Factors" in this MD&A and in the Company's Annual Information Form for the year ended December 31, 2025, available on SEDAR+ at www.sedarplus.ca.

Readers are cautioned not to place undue reliance on forward-looking statements. The forward-looking statements contained in this MD&A are made as of the date of this MD&A, and the Company does not undertake any obligation to update or revise them except as required by applicable securities laws.

ADDITIONAL INFORMATION

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