



MANAGEMENT'S DISCUSSION AND ANALYSIS FOR THE QUARTER ENDED JUNE 30, 2026

The following management's discussion and analysis ("MD&A") was prepared as of August 31, 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 and six months ended June 30, 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 August 31, 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 and six months ended June 30, 2026, nor in the comparative period in 2025. Ramp up of operations is anticipated to continue through the remainder of the year, including the planned upgrade at the end of 2026.

Empower Calgary is designed as a modular scale-up facility with a design capacity of 150 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 June 30, 2026, the Company continued to focus efforts on ramp-up of operations at Empower Calgary, with measured progress achieved in throughput processing. Processing rates exceeded 100 tonnes per day at times, with peak throughput of more than 120 tonnes per day achieved during June. Meaningful processing activity occurred primarily toward the end of the quarter which resulted in modest liquid asphalt sales recognized during Q2.

Subsequent to the end of the quarter, the Company achieved record processing volumes during the first three weeks of July and a new peak processing rate of more than 160 tonnes per day. During this period of sustained production, the Company successfully achieved production targets resulting in technical approval related to ERA's Milestone 4. The Company anticipates receiving over \$400,000 from ERA associated with the delivery of the milestone during the third quarter of 2026.

- April 2026: Northstar closes final tranche of US\$10 Million private placement.
- July 2026: Northstar exceeds 120 tpd processing rate and completes liquid asphalt sales to McAsphalt Industries Ltd. ("McAshpalt").
- August 2026: Northstar awarded new patent from the USPTO for proprietary asphalt shingle reprocessing technology.

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. Sustained production levels at targets associated with the ERA Grant supported technical approval of ERA's Milestone 4. The Company expects to operate in the 100 – 150 tpd range following a planned upgrade at the end 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.

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 June 30		Six months ended June 30	
<i>(\$, except where noted)</i>	2026	2025	2026	2025
Revenue	\$ 208,873	\$ 142,487	\$ 417,331	\$ 318,004
Loss from operating activities	2,895,618	1,955,471	5,832,504	3,746,284
Loss from other items	151,579	1,174,664	2,079,668	2,333,768
Loss and comprehensive loss	3,047,197	3,130,135	7,887,016	6,080,052
Basic and diluted loss per share	\$ 0.02	\$ 0.02	\$ 0.05	\$ 0.05

Net loss and comprehensive loss for the three and six months ended June 30, 2026 decreased by \$82,938 and increased by \$1.8 million, respectively, compared with the corresponding periods in 2025. The following discussion outlines the key factors contributing to these changes relative to the three and six months ended June 30, 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 and liquid asphalt sales to McAsphalt, which commenced during the quarter.

During the three and six months ended June 30, 2026, tipping fees increased to \$174,323 and \$382,781, respectively, from the collection of 3,295 and 6,770 tonnes of shingles, respectively. This compares with tipping fees of \$142,487 and \$318,004, respectively, generated from the collection of 2,318 and 5,243 tonnes of shingles in the corresponding periods of 2025. Tonnage increased by approximately 42% and 29%, respectively.

During the three months ended June 30, 2026, the Company recognized revenue of \$34,550 related to multiple commercial deliveries of liquid asphalt at the end of the quarter (three months ended June 30, 2025 - \$Nil).

Loss from Operating Activities

	Three months ended June 30		Six months ended June 30	
<i>(\$, except where noted)</i>	2026	2025	2026	2025
Revenue	\$ 208,873	\$ 142,487	\$ 417,331	\$ 318,004
Cost of sales	(154,854)	52,293	(279,663)	(171,014)
	54,019	194,780	137,668	146,990
Expenses				
General and administrative	1,299,475	1,307,161	2,557,764	2,268,926
Pre-commercial operating	1,200,478	324,259	2,315,465	504,805
Depreciation and amortization	292,754	328,050	585,263	653,444
Share based compensation	74,987	137,436	310,090	332,260
Insurance	81,943	53,345	201,590	133,839
Loss from operating activities	\$ (2,895,618)	\$ (1,955,471)	\$ (5,832,504)	\$ (3,746,284)

For the three and six months ended June 30, 2026, loss from operating activities increased to \$2.9 million and \$5.8 million, respectively, from \$2.0 million and \$3.7 million, respectively, in the corresponding periods of 2025. The increase was driven primarily by higher pre-commercial operating costs, which include facility rent, utilities, and facility operating costs.

Pre-commercial operating costs increased by \$0.9 million and \$1.8 million for the three and six months ended June 30, 2026, respectively, mainly due to higher facility operating costs. These costs encompass labour, equipment rentals, repairs and maintenance, and plant supplies.

During the period, the Company recorded a loss of US\$200,000 within other expenses arising from fraudulent activity from a third party not associated with the Company. Management's review of the Company's key financial access controls and related system safeguards did not identify any additional exposure or further risk of loss arising from this event. The matter is being pursued by the relevant authorities, and while recovery efforts continue, no amounts had been recovered as of the reporting date.

Other Items

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
Interest and finance expense	\$ (1,416,196)	\$ (940,807)	\$ (2,377,581)	\$ (1,755,121)
Fair value re-measurement of royalty debenture	(405,169)	(367,500)	(794,903)	(721,000)
Change in fair value of conversion option	1,702,220	-	1,297,220	-
Financing costs	(57,405)	-	(375,093)	-
Foreign exchange gain (loss)	(151,673)	17,254	(154,388)	14,463
Tax Recoveries – GST	-	86,914	-	86,914
Amortization of contract liability	138,912	-	277,825	-
Interest income	37,732	29,475	37,732	40,976
Other income	-	-	9,520	-
	\$ (151,579)	\$ (1,174,664)	\$ (2,079,668)	\$ (2,333,768)

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 and six months ended June 30, 2026, interest and finance expense increased by \$0.5 million and \$0.6 million, respectively, compared to the same periods in 2025, primarily due to the increase in the Company's outstanding convertible debentures, resulting in higher accretion and interest expense.

Interest expense is incurred on convertible debentures at rates ranging from 10% to 12.5%, the Business Development Bank of Canada ("BDC") credit facility at 7.95%, unsecured debentures at 9%, and the US-denominated convertible debenture at 8%.

CAPITALIZATION AND FINANCIAL RESOURCES

Capital Expenditures

	Three months ended June 30		Six months ended June 30	
	2026	2025	2026	2025
<i>(\$, except where noted)</i>				
Empower Calgary	\$ 837,119	\$ 1,765,974	\$ 1,315,294	\$ 5,670,316
Corporate	1,556	2,490	1,556	9,059
	838,675	1,768,464	1,316,850	5,679,375
Capitalized interest	174,346	178,094	350,887	347,672
Capital expenditures	\$ 1,013,021	\$ 1,946,558	\$ 1,667,737	\$ 6,027,047

Capital expenditures were \$1.0 million and \$1.7 million, respectively, for the three and six months ended June 30, 2026, compared to \$1.9 million and \$6.0 million, respectively, 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 and six months ended June 30, 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 remainder of the year, followed by a planned upgrade at the end 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 six months ended June 30, 2026, nor the comparative period in 2025. Ramp up is anticipated to continue through the remainder of the year, including the planned upgrade at the end 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	331,616	80,325	5,086	417,027
Interest payments	(331,616)	-	(5,086)	(336,702)
Premium payable	-	-	8,000	8,000
Premium payments	-	-	(8,000)	(8,000)
Repayment of loan	(224,320)	-	(400,000)	(624,320)
Interest accretion	19,271	15,329	-	34,600
Balance – June 30, 2026	\$ 8,008,254	\$ 1,881,374	\$ -	\$ 9,889,628
Less current portion	(672,960)	(257,825)	-	(930,785)
Long term portion	\$ 7,335,294	\$ 1,623,549	\$ -	\$ 8,958,843

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 June 30, 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 includes a range of financial, insurance and reporting conditions. Commencing 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. The Company is currently in compliance with all such obligations. 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 28, 2026, the Company announced the closing 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 bore interest at 9% per annum and included a 2% repayment premium. During the six months ended June 30, 2026, the Company repaid the notes in full, together with accrued interest and the 2% repayment premium.

Subsequent to the end of the quarter, interest payments were made on the unsecured debt in the amount of \$86,825.

Convertible Debentures

Date of issue	Maturity	June 30, 2026	December 31, 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		(7,990,000)	(2,285,000)
Long term portion		\$ -	\$ 5,705,000

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

As of June 30, 2026, convertible debentures with an aggregate principal amount of \$8.0 million remain outstanding, with \$8.0 million due within the next 12 months. No conversions occurred during the six months ended June 30, 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 (\$0.28) 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 Tranche 1 and Tranche 2, the Company paid finder's fees, satisfied through the issuance of 4,107,481 Common Shares at a price of \$0.20 per Common Share, subject to statutory hold period, and incurred additional transaction fees of \$215,977, of which \$51,839 were paid in cash during the six months ended June 30, 2026.

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 allocated to host loan is 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 April 2, 2026, and as at June 30, 2026 are set in the table below:

CAD\$ per share, unless otherwise noted	June 30, 2026	April 2, 2026	March 30, 2026
Share price	0.175	0.20	0.20
Conversion price	0.28	0.28	0.28
Remaining term	5 years	5 years	5 years
Interest rate	8%	8%	8%
Expected stock price volatility	76%	93%	93%
Forced conversion price (90 day VWAP)	0.75	0.75	0.75
CAD/USD exchange rate	1.42	1.39	1.39

The implied effective interest rate on the host debt component, determined at initial recognition on March 30, 2026 and April 2, 2026 based on the residual allocation method, were 20.6% and 23%, respectively.

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. Beginning in Q2 2026, the Company changed its methodology and now uses only its own share price volatility.

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	\$ 8,930,200	\$ 4,995,000	\$ 13,925,200
Financing costs	(666,495)	-	(666,495)
Interest accrued	276,760	-	276,760
Transferred to accrued liabilities	(28,420)	-	(28,420)
Accretion	158,426	-	158,426
Change in fair value of Conversion Option	-	(1,297,220)	(1,297,220)
Unrealized foreign exchange loss	177,540	-	177,540
Balance, end of period	\$ 8,848,011	\$ 3,697,780	\$ 12,545,791

Financing costs of \$666,495 were allocated to the host loan component and deducted from its initial carrying amount. Financing costs of \$57,405 and \$375,093 allocated to the derivative liability component were recognized in profit or loss for the three and six months ended June 30, 2026, respectively.

Royalty Debenture

The fair value of the Royalty Debenture (as defined below) 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 six months ended June 30, 2026, a fair value remeasurement charge of \$794,903 was recognized (during the year ended December 31, 2025 - \$1,478,050). The following table presents the change in Royalty Debenture balance:

	June 30, 2026	December 31, 2025
Balance, beginning of period	\$ 15,898,050	\$ 14,420,000
Increase in fair value	794,903	1,478,050
Balance, end of period	\$ 16,692,953	\$ 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 14.24% per facility resulting from a conversion of \$16,692,953 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 June 30		Six months ended June 30	
<i>(\$, except where noted)</i>	2026	2025	2026	2025
Net cash provided by (used in):				
Operating activities	\$ (5,317,219)	\$ (1,096,299)	\$ (5,941,072)	\$ (3,604,529)
Investing activities	(1,494,929)	648,946	(1,770,976)	(3,987,123)
Financing activities	302,552	(361,277)	13,407,898	(588,933)
Effect of exchange rate changes on cash and cash equivalents held in foreign currency	10,925	(3,331)	10,741	(3,898)
Net change in cash and cash equivalents	\$ (6,498,671)	\$ (811,961)	\$ 5,706,591	\$ (8,184,483)

For the three and six months ended June 30, 2026, net cash used in operating activities increased by \$4.2 million and \$2.3 million, respectively, compared with the same periods in 2025. The increase was driven primarily by changes in non-cash working capital. The change in non-cash working capital was a use of cash of \$2.8 million and \$1.1 million for the three and six months ended June 30, 2026, respectively, compared with a source of cash of \$0.3 million and a use of cash of \$1.0 million, respectively, in the corresponding periods of 2025. The period-over-period variance primarily reflects timing of supplier invoicing and payments.

Net cash used in investing activities increased by \$2.1 million for the three months ended June 30, 2026, and decreased by \$2.2 million for the six months ended June 30, 2026, compared with the same periods in 2025. The variance was primarily attributable to larger grant proceeds of \$3.6 million received in 2025, offset by higher construction costs and changes in non-cash working capital in the comparative periods.

During the three and six months ended June 30, 2026, the Company closed both tranches of a US\$10,000,000 non-brokered private placement of unsecured convertible debentures, generating gross proceeds of US\$10,000,000 and net cash provided by financing activities of \$0.3 million and \$13.4 million, respectively. This compared with net cash used in financing activities of \$0.4 million and \$0.6 million, respectively, in the corresponding periods of 2025.

OFF-BALANCE SHEET ARRANGEMENTS

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

SHARES OUTSTANDING

At June 30, 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	1,231,709
Exercise of options ⁽¹⁾	387,200
Exercise of warrants ⁽²⁾	4,413,178
Issues upon vesting and release of equity-settled PSUs and RSUs	87,210
Finders' fees settled	4,107,481
Common Shares outstanding as at June 30, 2026	165,562,323
Convertible securities:	
Equity-settled RSUs and PSUs	1,551,382
Stock options outstanding	8,691,397
Warrants	47,464,790
Convertible securities as at June 30, 2026	57,707,569
Preferred shares	
Preferred shares outstanding as at June 30, 2026	29,244,756

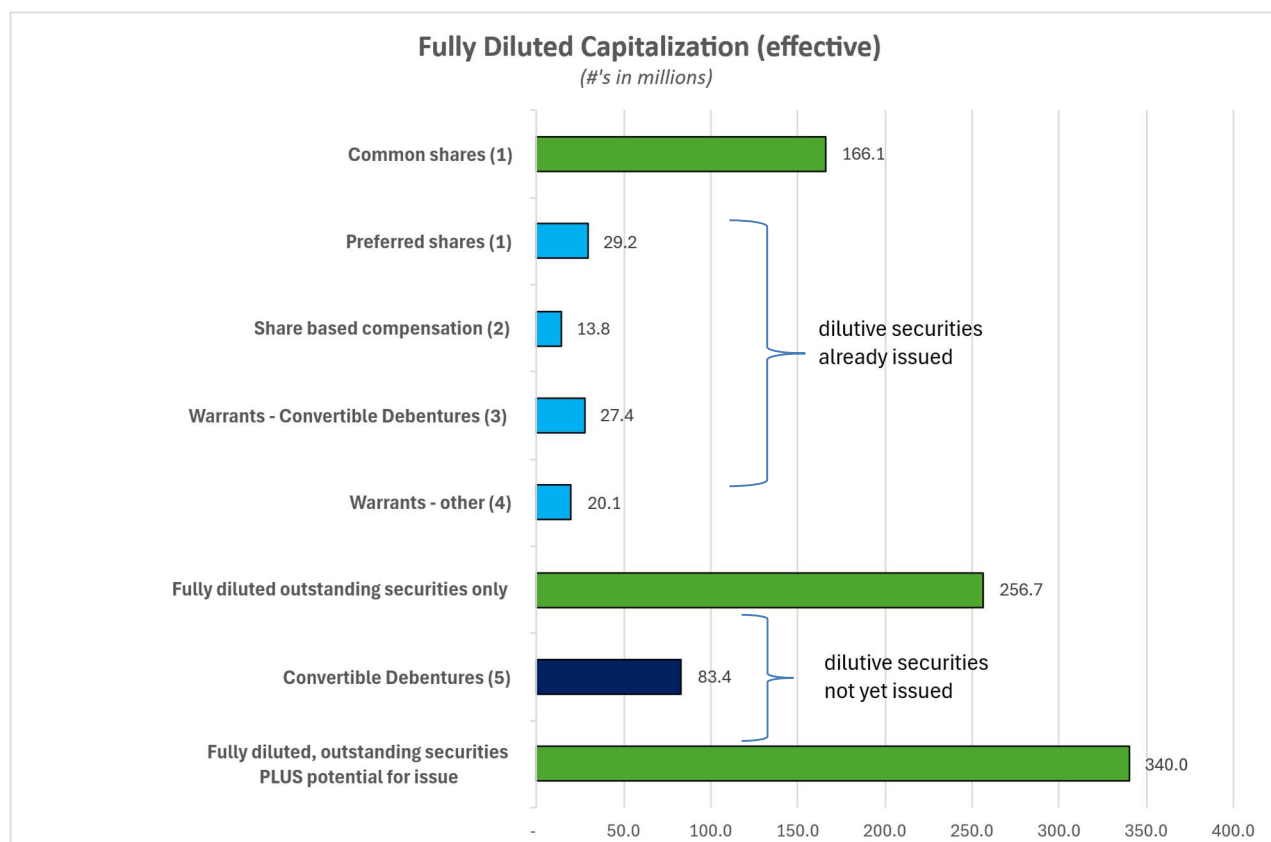
⁽¹⁾ Options were exercised at the price of \$0.21 per Common Share, resulting in cash proceeds received of \$81,312.

⁽²⁾ Warrants were exercised at the price of \$0.20 per Common Share, resulting in cash proceeds received of \$882,636.

Subsequent to the end of the quarter, the Company granted a total of 3,639,380 stock options to directors, officers, employees, and select consultants under its annual incentive compensation program. The options have an exercise price of \$0.20, a term of five years, and vest in four equal 25% instalments every six months starting July 6, 2026. In addition, 638,600 equity-settled RSUs and 1,613,128 equity-settled PSUs were granted to certain directors, officers, and employees. In addition, in connection with the vesting of RSUs and PSUs, the Company issued 562,214 Common Shares, comprised of 299,347 Common Shares issued in respect of the vested PSUs and 262,867 Common Shares issued in respect of the vested RSUs. The Company had the following share capital instruments outstanding or exercisable at August 31, 2026:

	Units
Common Shares:	
Outstanding as at June 30, 2026	165,562,323
Release of previously vested equity-settled PSUs	299,347
Release of previously vested equity-settled RSUs	262,867
Common Shares outstanding as at August 31, 2026	166,124,537
Convertible securities granted and outstanding:	
Equity-settled RSUs and PSUs	3,229,408
Stock options outstanding	10,587,997
Warrants	47,464,790
Convertible securities as at August 31, 2026	61,282,175
Preferred shares	
Preferred shares outstanding as at August 31, 2026	29,244,756

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 August 31, 2026:



(1) Outstanding as at August 31, 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 June 30, 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.

Should all warrants and stock options currently issued and potentially issued upon conversion of convertible debentures be exercised, the Company would receive approximately \$17 million in gross proceeds.

On June 1, 2026, the Company entered into an equity distribution agreement (the "Distribution Agreement") with an agent to establish an at-the-market equity issuance program (the "ATM Program"). Pursuant to the Distribution Agreement, the Company may issue and sell, from time to time through the agent, up to \$10,000,000 of Common Shares, subject to the approval of the TSXV. As at June 30, 2026, no Common Shares had been issued under the ATM Program.

CONTRACTUAL OBLIGATIONS AND COMMITMENTS

The information presented in the table below reflects management's estimate of the contractual maturities of obligations at June 30, 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⁾	\$ 15,642	\$ 31,284	\$ 31,284	\$ 31,284	\$ 2,607	\$ -	\$ 112,101
Empower Calgary ⁽ⁱⁱ⁾	66,500	133,000	133,000	133,000	133,000	1,064,000	1,662,500
Empower Delta ⁽ⁱⁱⁱ⁾	133,704	267,408	267,408	267,408	267,408	2,674,075	3,877,411
	215,846	431,692	431,692	431,692	403,015	3,738,075	5,652,012
Other obligations							
Lease Liabilities – base rent							
Northstar ⁽ⁱ⁾	28,184	57,983	59,744	59,891	4,991	-	210,793
Empower Calgary ⁽ⁱⁱ⁾	438,024	888,088	900,276	912,904	961,361	9,467,215	13,567,868
Empower Delta ⁽ⁱⁱⁱ⁾	437,826	897,544	919,983	942,982	966,557	11,099,421	15,264,313
	904,034	1,843,615	1,880,003	1,915,777	1,932,909	20,566,636	29,042,974
Senior secured non-revolving loan ^(iv)	336,480	672,960	672,960	672,960	672,960	5,215,440	8,243,760
Unsecured debt ^(v)	-	-	1,000,000	900,000	-	-	1,900,000
Interest on Loans Payable ^(vi)	497,101	774,992	674,551	542,662	443,490	1,623,150	4,555,946
Convertible Debenture ^(vii)	2,285,000	5,705,000	-	-	-	14,210,000	22,200,000
Royalty Debenture ^(viii)	-	-	-	16,692,953	-	-	16,692,953
Interest on royalty Debenture ^(viii)	810,338	1,620,675	1,620,675	1,620,675	-	-	5,672,363
Total other obligations	4,832,953	10,617,242	5,848,189	22,345,027	3,049,359	41,615,226	88,307,996
Total commitments and obligations	\$ 5,048,799	\$ 11,048,934	\$ 6,279,881	\$ 22,776,719	\$ 3,452,374	\$ 45,353,301	\$ 93,960,008

- (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 June 30, 2026; US denominated instruments translated at foreign exchange = 1.4210.
- (viii) Assumes semi-annual 10% interest payments paid in cash when due.

During the six months ended June 30, 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 while material-transfer and processing changes continue throughout the remainder of 2026, followed by a planned upgrade at the end of the year. 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. Until commercial operations begin, 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 June 30, 2026, the Company's principal debt obligations include:

- \$8,243,760 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 June 30, 2026, bearing interest rates between 10% and 12.5% and convertible into Common Shares at the option of the holders;
- a \$16,692,953 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;
- \$1,900,000 three-year 9% unsecured debentures; and
- US\$10,000,000 convertible debenture, 8% interest rate, convertible into Common Shares at the option of the holders.

As at June 30, 2026, \$8,062,354 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 June 30, 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 June 30, 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 June 30, 2026, the Company had a shareholders' deficiency of \$15,023,689 (December 31, 2025 - \$9,324,098) and a working capital deficiency of \$17,092,062 (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 a working capital deficiency of \$4,546,271 as at June 30, 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 June 30, 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 June 30, 2026, the Company had a working capital deficiency of \$17,092,062 (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 June 30, 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 \$1,084,294 (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 June 30, 2026		As at December 31, 2025	
	Carrying amount	Fair Value	Carrying amount	Fair Value
Recurring measurements:				
Financial liabilities				
Convertible debentures	\$ 15,979,580	\$ 16,550,081	\$ 6,782,459	\$ 7,661,391
Derivative liability	\$ 3,697,780	\$ 3,697,780	-	-
Royalty debenture	\$ 16,692,953	\$ 16,692,953	\$ 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.

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

During the six months ended June 30, 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

- As at June 30, 2026, accounts payable and accrued liabilities include \$586,454 (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.
- Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. During the periods presented the Company paid or accrued the following key management personnel compensation to directors, officers, and/or companies controlled by directors and officers and/or companies with certain directors in common:

	Three Months Ended June 30		Six Months Ended June 30	
	2026	2025	2026	2025
Wages, benefits and director fees	\$ 232,940	\$ 287,746	\$ 476,311	\$ 609,674
Share-based compensation	20,038	78,623	166,003	231,442
	\$ 252,978	\$ 366,369	\$ 642,314	\$ 841,116

- During the six months ended June 30, 2026, the Company issued 387,200 Common Shares to key management personnel pursuant to exercise of stock options (six months ended June 30, 2025 – nil).
- 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 bore interest at 9% per annum, included a 2% repayment premium, and were repayable no later than May 29, 2027. During the six months ended June 30, 2026, the Company repaid the notes in full, together with accrued interest and the 2% repayment premium.
- During the six months ended June 30, 2026, the Company issued 123,772 Common Shares to certain related parties to satisfy the convertible debentures interest owing.

SUMMARY OF QUARTERLY RESULTS

	June 30, 2026	March 31, 2026	December 31, 2025	September 30, 2025
Total assets	\$ 52,486,690	\$ 57,774,577	\$ 45,228,005	\$ 46,834,573
Property, plant and equipment	27,897,239	26,958,652	26,378,126	26,265,937
Working capital surplus (deficit) ¹	(17,092,062)	(10,152,673)	(6,546,505)	(3,814,324)
Shareholders' (deficiency) equity	(15,023,689)	(12,953,860)	(9,324,098)	(6,228,342)
Revenue	208,873	208,458	153,652	121,930
Expenses	2,949,637	3,020,535	3,356,629	2,625,426
Loss and comprehensive loss	3,047,197	4,839,819	4,723,833	3,947,979
Per share - basic and diluted	\$ 0.02	\$ 0.03	\$ 0.03	\$ 0.03
Weighted average shares outstanding	164,842,085	156,894,896	151,951,538	146,511,418

	June 30, 2025	March 31, 2025	December 31, 2024	September 30, 2024
Total assets	\$ 46,300,681	\$ 49,378,626	\$ 45,728,755	\$ 36,949,134
Property, plant and equipment	24,659,020	26,396,070	22,418,635	15,694,999
Working capital surplus (deficit)	(1,697,301)	(426,551)	3,763,913	9,794,657
Shareholders' (deficiency) equity	(6,138,843)	(3,462,176)	(1,333,578)	1,199,210
Revenue	142,487	175,517	165,186	164,669
Expenses	2,150,251	1,743,023	2,270,470	1,473,856
Loss and comprehensive loss	3,130,135	2,949,917	3,168,285	3,207,180
Per share - basic and diluted	\$ 0.02	\$ 0.02	\$ 0.02	\$ 0.03
Weighted average shares outstanding	136,448,577	132,942,452	129,443,826	127,713,206

⁽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 six months ended June 30, 2026, the Company closed a US\$10 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 \$17,092,062. 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 a working capital deficiency of \$4,546,271 as at June 30, 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 remained relatively consistent during the three months ended June 30, 2026 in comparison with the previous quarter; 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 and convertible debenture exercises; 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 and in the Company's Annual Information Form for the year ended December 31, 2025, available on SEDAR+ at www.sedarplus.ca.