CONDENSED INTERIM CONSOLIDATED FINANCIAL STATEMENTS

For the Three Months Ended March 31, 2025 and 2024
(Unaudited - Expressed in Canadian dollars)

Condensed Interim Consolidated Statements of Financial Position

(Unaudited - Expressed in Canadian dollars)

	Note	March 31, 2025	December 31, 2024 (Audited)
Assets			
Current assets			
Cash and cash equivalents		$ 2,853,382	$ 10,225,904
Receivables		83,547	93,051
Net GST receivable		688,817	426,851
Prepaids		96,916	244,146
		3,722,662	10,989,952
Non-Current			
Right-of-use asset	3	17,065,642	10,143,130
Deposits	3	2,057,817	2,059,546
Property, plant and equipment	4	26,396,070	22,418,635
Intangible assets	6	118,372	101,579
Deferred financing costs	7	18,063	15,913
Total assets		$ 49,378,626	$ 45,728,755
Liabilities			
Current			
Accounts payable and accrued liabilities	14	$ 3,194,380	$ 5,038,438
Equity-based compensation payable	12	51,115	51,882
Loans payable	7	562,320	394,080
Convertible debentures	8	302,081	53,914
Lease liability	3	39,317	611,931
		4,149,213	6,150,245
Non-Current			
Loans payable	7	7,332,197	7,490,269
Convertible debentures	8	7,218,295	7,356,677
Royalty debenture	9	14,773,500	14,420,000
Contract liability	11	2,778,252	2,778,252
Lease liabilities	3	16,589,345	8,866,890
Total Liabilities		52,840,802	47,062,333
Shareholders' (deficiency) equity			
Common shares	10	29,540,460	28,909,096
Preferred shares	11	5,631,271	5,631,271
Reserves	12	6,508,854	6,325,090
Shares to be issued		10,000	3,809
Deficiency		(45,152,761)	(42,202,844)
Total shareholders’ (deficiency) equity		(3,462,176)	(1,333,578)
Total liabilities and shareholders’ (deficiency) equity		$ 49,378,626	$ 45,728,755

Nature of operations and Going concern (Note 1)
Commitments (Note 18)
Subsequent events (Notes 5, 8, 12, 19)

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

Condensed Interim Consolidated Statements of Loss and Comprehensive Loss
(Unaudited - Expressed in Canadian dollars, except for share information)

For the three months ended March 31	Note	2025	2024
Revenue			
Tipping fees		$ 175,517	$ 70,600
Cost of shingle collections		(223,307)	-
		(47,790)	70,600
Expenses			
General and administrative	13,14	961,765	700,750
Depreciation and amortization	3,4,6	325,394	320,270
Share-based compensation	12,14	194,824	285,495
Rent, utilities and site costs		180,546	205,335
Insurance		80,494	32,033
		(1,743,023)	(1,543,883)
Loss from operating activities		(1,790,813)	(1,473,283)
Other items			
Interest and finance expense	3,8	(814,314)	(340,050)
Fair value re-measurement of royalty debenture	9	(353,500)	-
Foreign exchange gain/(loss)		(2,791)	130,310
Interest income		11,501	1,511
		(1,159,104)	(208,229)
Loss before income taxes		(2,949,917)	(1,681,512)
Income tax recovery		-	99,934
Loss and comprehensive loss		**$ (2,949,917)**	**$ (1,581,578)**
Basic and diluted loss per share		$ (0.02)	$ (0.01)
Weighted average number of common shares outstanding (basic and diluted)		132,942,452	126,710,381

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

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

	Note	Number of Common Shares	Number of Preferred Shares	Common Shares	Preferred Shares	Shares to be issued	Reserves	Deficit	Total Shareholders' (Deficiency) Equity
Balance, December 31, 2023		**126,710,381**	**29,244,756**	**$ 28,137,042**	**$ 5,631,271**	**-**	**$ 4,539,108**	**$ (32,870,024)**	**$ 5,437,397**
Equity portion of convertible debentures	8	-	-	-	-	-	270,191	-	270,191
Broker warrants	8	-	-	-	-	-	8,516	-	8,516
Share-based payments	12	-	-	-	-	-	103,676	-	103,676
Loss for the period		-	-	-	-	-	-	(1,581,578)	(1,581,578)
Balance, March 31, 2024		**126,710,381**	**29,244,756**	**$ 28,137,042**	**$ 5,631,271**	**-**	**$ 4,921,491**	**$ (34,451,602)**	**$ 4,238,202**
Balance, December 31, 2024		**130,875,408**	**29,244,756**	**$ 28,909,096**	**$ 5,631,271**	**$ 3,809**	**$ 6,325,090**	**$ (42,202,844)**	**$ (1,333,578)**
Conversions of convertible debentures	8	2,190,000	-	371,375	-	-	-	-	371,375
Exercise of warrants	10,12	1,240,808	-	259,989	-	6,191	(11,827)	-	254,353
Share-based payments	12,14	-	-	-	-	-	195,591	-	195,591
Loss for the period		-	-	-	-	-	-	(2,949,917)	(2,949,917)
Balance, March 31, 2025		**134,306,216**	**29,244,756**	**$ 29,540,460**	**$ 5,631,271**	**$ 10,000**	**$ 6,508,854**	**$ (45,152,761)**	**$ (3,462,176)**

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

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

For the three months ended March 31	Note	2025	2024
Cash provided by (used in):			
Operating Activities			
Loss for the period		$ (2,949,917)	$ (1,581,578)
Adjustments for:			
Depreciation and amortization	3,4,6	325,394	320,270
Interest and finance charges on loans and debentures	7,8	681,600	245,021
Interest on net investment in sublease	3	-	(1,511)
Share-based payments	12,14	195,591	285,495
Income tax recovery		-	(99,934)
Fair value re-measurement of royalty debenture	9	353,500	-
Interest on lease liabilities	3	295,223	93,052
Unrealized foreign exchange gain		(3,134)	(136,069)
Changes in non-cash working capital	15	(1,236,909)	(325,914)
Net cash used in operating activities		**(2,338,652)**	**(1,201,168)**
Investing Activities			
Acquisition of property, plant and equipment	4	(4,080,489)	(1,848,278)
Deposits paid		1,729	-
Acquisition of intangible assets	6	(17,440)	(15,044)
Proceeds from government grants	5	-	100,000
Changes in non-cash working capital	15	(709,447)	128,664
Net cash used in investing activities		**(4,805,647)**	**(1,634,658)**
Financing Activities			
Issuance of convertible debentures, net of issuance costs	8	-	1,326,767
Deferred costs	7	(2,150)	-
Loan repayments and interest paid	7	(159,411)	(30,125)
Repayments of lease liabilities	3	(289,587)	(232,520)
Exercise of warrants	10,12	254,353	-
Convertible debentures interest paid	8	(30,861)	(31,250)
Net cash (used in) provided by financing activities		**(227,656)**	**1,032,872**
Change in cash and cash equivalents		(7,371,955)	(1,802,954)
Effect of exchange rate changes on cash		(567)	142,127
Cash and cash equivalents, beginning of the period		10,225,904	7,648,311
Cash and cash equivalents, end of the period		**$ 2,853,382**	**$ 5,987,484**
Cash		1,302,320	5,987,484
Cash equivalents		1,551,062	-
Total cash and cash equivalents, end of the period		**$ 2,853,382**	**$ 5,987,484**
Cash Interest paid		$ 190,272	$ 31,250

Supplemental disclosures with respect to cash flows (Note 15).
The accompanying notes are an integral part of these condensed interim consolidated financial statements.

1. NATURE AND CONTINUANCE OF OPERATIONS

Nature of operations

Northstar Clean Technologies Inc. ("Northstar" or the "Company") is a Canadian-based clean technology company focused on the sustainable recovery and reprocessing of asphalt shingles. Northstar has developed a proprietary design process for taking discarded asphalt shingles, otherwise destined for already over-crowded landfills, and extracting the liquid asphalt for use in new hot mix asphalt, shingle manufacturing and asphalt flat roof systems, and aggregate and fiber for use in construction products and other industrial applications. Focused on the circular economy, Northstar plans to reprocess used or defective asphalt shingle waste back into its three primary components for reuse/resale at its first commercial scale up facility in Calgary, Alberta ("Empower Calgary"). Since 2017, the Company has been conducting research & development at an existing pilot facility in Delta, British Columbia ("Empower Delta"). 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.

Northstar was incorporated on August 21, 2017 as Blocktech Ventures Inc. under the laws of the British Columbia Corporations Act. In January 2021, the Company changed its name to Northstar Clean Technologies Inc. The head office and principal address of the Company is located at 101, 12111 40th Street SE, Calgary, Alberta, Empower Calgary is located at 285081 Wrangler Way, Rocky View County, Alberta and the Company's registered and records office is 7046 Brown Street, Delta, British Columbia.

The Company substantially completed construction of the Empower Calgary facility during the quarter and expects operations to begin in the second half of 2025.

Going concern

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

The Company incurred a significant operating loss of $2,949,917 during the three months ended March 31, 2025 (March 31, 2024 - $1,581,578). The Company has working capital deficiency of $(426,551) (December 31, 2024 – working capital of $4,839,707) and there is no assurance that anticipated production revenue will be sufficient to fund operations and therefore future financings may be required.

In addition, the Company has funded operations with $10,405,000 of interest-bearing convertible debentures and a $14,000,000 interest-bearing royalty debenture, of which, there are no assurances the Company will be able to generate future cash flows sufficient to repay interest and principal if not converted. While the Company has been successful at raising funds in the past, there can be no assurance that it will be able to do so in the future or on terms that are favourable to the Company. These conditions indicate the existence of a material uncertainty that may cast significant doubt about the Company's ability to continue as a going concern.

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

2. BASIS OF PREPARATION

Statement of compliance

These condensed interim consolidated financial statements ("interim consolidated financial statements") are unaudited and were prepared using the same accounting policies and methods as those used in the Company's audited consolidated financial statements for the year ended December 31, 2024, unless otherwise noted. The interim consolidated financial statements are in compliance with International Accounting Standard 34, Interim Financial Reporting ("IAS 34"). Accordingly, certain information and footnote disclosure normally included in annual financial statements prepared in accordance with IFRS® Accounting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and Interpretations of the IFRS Interpretations Committee ("IFRIC"), has been omitted or condensed. The preparation of interim consolidated financial statements in accordance with IAS 34 requires the use of certain critical accounting estimates. It also requires management to exercise judgment in applying the Company's accounting policies. The areas involving a higher degree of judgment or complexity, or areas where assumptions and estimates are significant to the consolidated financial statements, have been set out in Note 2 of the Company's audited consolidated financial statements for the year ended December 31, 2024. These interim consolidated financial statements should be read in conjunction with the Company's audited consolidated financial statements for the year ended December 31, 2024.

These interim consolidated financial statements are presented in Canadian dollars ($ or C$), which is the Company's functional currency and were approved by the Company's Board of Directors on May 29, 2025.

3. RIGHT-OF-USE ASSET AND LEASE LIABILITIES

Right-of-use assets

	March 31, 2025	December 31, 2024
Cost		
Balance, beginning of period	**$ 12,276,438**	**$ 5,712,154**
Additions/modifications	7,144,205	6,835,284
Derecognition	-	(271,000)
Balance, end of period	**19,420,643**	**12,276,438**
Accumulated depreciation		
Balance, beginning of period	**2,133,308**	**1,487,869**
Depreciation	221,693	795,995
Derecognition	-	(150,556)
Balance, end of period	**2,355,001**	**2,133,308**
Net book value	**$ 17,065,642**	**$ 10,143,130**

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

During the three months ended March 31, 2025, the Company finalized a lease extension at Empower Delta and surrounding lands through to 2040. The Company plans to retrofit and develop a commercial facility at this site. The lease is effective March 1, 2025. This arrangement has been accounted for as a modification of the existing lease under IFRS 16. At March 1, 2025 the Company recognized incremental right-of-use assets using a 10% incremental borrowing rate for the lease period ending December 31, 2040. No gain/loss was recognized. A corresponding lease liability of $7,144,205 was also recognized. In connection with the agreement, an additional deposit of $44,213 was paid subsequently to the period ended March 31, 2025.

(Unaudited - Expressed in Canadian dollars)

On December 23, 2024, the Company finalized a lease agreement for Empower Calgary, which consolidates its previously leased land with a newly constructed building that will house operational activities. The lease is effective March 1, 2025, with early occupancy established prior to the end of 2024. The lease term includes an initial 15-year term plus two optional 5-year extensions. The facility is considered critical to the Company's future operations. This arrangement has been accounted for as a modification of the existing lease under IFRS 16. At December 31, 2024 the Company recognized incremental right-of-use assets using a 10% incremental borrowing rate and 25-year lease period. No gain/loss was recognized. A corresponding lease liability of $5,599,913 was also recognized. The right-of-use assets were increased by a $1,000,000 related to an upfront tenant improvement payment, which was paid during the three months ended March 31, 2025.

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

The Company's Net Investment Assets ("NIS") are comprised of premises under sub-lease. The following is the continuity of the NIS asset:

	March 31, 2025	December 31, 2024
NIS asset	$ -	$ 66,247
Lease payments received	-	(69,605)
Finance income	-	3,358
Net investment in sublease, end of period	-	-
Less current portion	-	-
Non-current portion	**$ -**	**$ -**

Lease liabilities

	March 31, 2025	December 31, 2024
Balance, beginning of period	$ 9,478,821	$ 4,293,283
Additions	7,144,205	5,835,284
Lease payments	(289,587)	(999,684)
Interest accretion on lease liability	295,223	349,938
Balance, end of period	**16,628,662**	**9,478,821**
Less current portion	(39,317)	(611,931)
Non-current portion	**$ 16,589,345**	**$ 8,866,890**

Variable lease payments for the three months ended March 31, 2025 are $79,224 (March 31, 2024 - $93,519). These amounts have been excluded from Right-of-Use Assets and Lease Liabilities.

As of March 31, 2025, deposits related to right-of-use assets include $456,070 related to Empower Delta, $18,043 related to the Calgary head office and $1,583,704 related to Empower Calgary. Of the Empower Calgary deposit, $1,000,000 is refundable after year 6, and the remainder is refundable after year 11.

(Unaudited - Expressed in Canadian dollars)

4. PROPERTY, PLANT AND EQUIPMENT

	Processing equipment	Storage Facility	Construction in progress	Furniture and Fixtures	Leasehold Improvements	Total
Balance – December 31, 2023	**$ 3,532,945**	**$ 56,468**	**$ 2,623,032**	**$ 32,295**	**$ 6,001**	**$ 6,250,741**
Additions	-	-	19,194,553	67,321	-	19,261,874
Government grants	-	-	(1,389,738)	-	-	(1,389,738)
Balance – December 31, 2024	**$ 3,532,945**	**$ 56,468**	**$ 20,427,847**	**$ 99,616**	**$ 6,001**	**$ 24,122,877**
Additions	-	-	4,073,920	6,569	-	4,080,489
Balance – March 31, 2025	**$ 3,532,945**	**$ 56,468**	**$ 24,501,767**	**$ 106,185**	**$ 6,001**	**$ 28,203,366**
Accumulated Depreciation						
Balance – December 31, 2023	**$ 1,162,954**	**$ 30,257**	**$ -**	**$ 13,594**	**$ 3,250**	**$ 1,210,055**
Additions	473,998	5,242	-	12,196	2,751	494,187
Balance – December 31, 2024	**$ 1,636,952**	**$ 35,499**	**$ -**	**$ 25,790**	**$ 6,001**	**$ 1,704,242**
Additions	94,800	1,048	-	7,206	-	103,054
Balance – March 31, 2025	**$ 1,731,752**	**$ 36,547**	**$ -**	**$ 32,996**	**$ 6,001**	**$ 1,807,296**
Net Book Value						
Balance – December 31, 2024	**$ 1,895,993**	**$ 20,969**	**$ 20,427,847**	**$ 73,826**	**$ -**	**$ 22,418,635**
Balance – March 31, 2025	**$ 1,801,193**	**$ 19,921**	**$ 24,501,767**	**$ 73,189**	**$ -**	**$ 26,396,070**

Construction in progress consists of property, plant and equipment related to the development of the Company's Empower Calgary facility.

During the year ended December 31, 2024 the Company attributed a $100,000 government grant from Alberta Innovates and a $1,289,738 government grant from ERA to construction in progress.

During the three months ended March 31, 2025 the Company attributed interest expense of $169,578 (December 31, 2024 - $109,516) to construction in progress.

5. GOVERNMENT GRANTS

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

During the year ended December 31, 2024, the Company received ERA approval and payment of $1,340,722 related to Milestone 1 under the Contribution Agreement which required, among other criteria, the completion of 75% of detailed engineering and design for Empower Calgary. The Company attributed $1,289,738 from the amount received against capitalized construction in progress (Note 4), and the remaining against general and administrative expenses.

Subsequent to the end of the quarter, on May 5, 2025, the Company announced the successful completion of Milestone 2 requirements stipulated in the Contribution Agreement which required, among other criteria, substantial completion of the Empower Calgary facility as defined in the Builder's Lien Act. The resulting $3,864,474 funding from ERA brings receipts to date from ERA to $5,205,196. Approximately $1,883,660 remains outstanding under the Contribution Agreement upon attainment of commissioning and operational milestones.

(Unaudited - Expressed in Canadian dollars)

6. INTANGIBLE ASSETS

	Patents In Process	Patents	Total
Balance – December 31, 2023	**$ 27,866**	**$ 14,953**	**$ 42,819**
Additions	40,868	20,631	61,499
Transfers	(16,175)	16,175	-
Balance – December 31, 2024	**$ 52,559**	**$ 51,759**	**$ 104,318**
Additions	17,440	-	17,440
Balance – March 31, 2025	**$ 69,999**	**$ 51,759**	**$ 121,758**
Accumulated amortization			
Balance – December 31, 2023	**$ -**	**$ 2,739**	**$ 2,739**
Amortization	**-**	1,666	1,666
Balance – December 31, 2024	**$ -**	**$ 2,739**	**$ 2,739**
Amortization	-	647	647
Balance – March 31, 2025	**$ -**	**$ 3,386**	**$ 3,386**
Net book value			
Balance – December 31, 2024	**$ 52,559**	**$ 49,020**	**$ 101,579**
Balance – March 31, 2025	**$ 69,999**	**$ 48,373**	**$ 118,372**

7. LOANS PAYABLE

	Senior Secured Debt	Equipment Loan	Total
Balance – December 31, 2023	**$ -**	**$ 58,472**	**$ 58,472**
Loan proceeds	8,132,302	-	8,132,302
Transaction costs	(275,456)	-	(275,456)
Accrued interest	82,012	175	82,187
Interest payments	(82,012)	(175)	(82,187)
Repayment of loan	-	(60,000)	(60,000)
Interest accretion	27,503	1,528	29,031
Balance – December 31, 2024	**$ 7,884,349**	**$ -**	**$ 7,884,349**
Less current portion	(394,080)	**-**	(394,080)
Long term portion	**$ 7,490,269**	**$ -**	**$ 7,490,269**
Balance – December 31, 2024	**$ 7,884,349**	**$ -**	**$ 7,884,349**
Accrued interest	159,411	-	159,411
Interest payments	(159,411)	-	(159,411)
Interest accretion	10,168	-	10,168
Balance – March 31, 2025	**$ 7,894,517**	**$ -**	**$ 7,894,517**
Less current portion	(562,320)	-	(562,320)
Long term portion	**$ 7,332,197**	**$ -**	**$ 7,332,197**

Senior Secured Debt

During the year ended December 31, 2023, the Company entered into a binding definitive credit agreement with the Business Development Bank of Canada ("BDC") for project financing (the “BDC Financing”) for Empower Calgary of up to $8,750,000 in non-revolving senior secured debt, with a thirteen year repayment period beginning June 30, 2025 at a fixed 5-year interest rate of 7.95% payable monthly. Proceeds are attributed to the development and construction of its Empower Calgary Facility in Calgary, Alberta. Drawing on the debt is subject to a number of conditions precedent and is secured with a first security interest over the assets of Empower Environmental Solutions Calgary Ltd., supported by a first security interest over the assets of named guarantors, Northstar Clean Technologies Inc. and Empower Environmental Solutions Ltd.

As at March 31, 2025, the Company had drawn $8,132,302 from the BDC Financing (as at December 31, 2024 - $8,132,302). The remaining $617,698 was fully drawn subsequent to the end of the quarter on May 16, 2025.

Interest expense of $169,578 (December 31, 2024 - $109,516) was capitalized in association with construction in progress (Note 4).

Associated transaction costs totalling $293,519 were recorded as deferred costs and will be allocated against the liability proportionately as funds are drawn and amortized over the life of the loan using the effective interest method, with at an average effective interest rate of 8.8%. During the three months ended March 31, 2025 $Nil (December 31, 2024 - $275,456) of these costs were allocated against the liability, $18,063 remain in deferred financing costs.

The BDC Financing contains a number of financial, insurance and reporting conditions. Once the BDC Financing is fully drawn and commencing with fiscal years ending December 31, 2025, the Company must maintain a Fixed Charge Coverage Ratio of 1.1:1. Additionally, during the course of the BDC Financing, the Company must maintain suitable environmental and commercial general liability insurance policies, provide financial statements on a timely basis, maintain good standing with various government agencies and in compliance with environmental laws and regulations, among various other minor reporting obligations. Compliance with these requirements for the 2025 fiscal year remains outstanding.

8. CONVERTIBLE DEBENTURES

Since December 2022, the Company has entered into various financing arrangements through issuance of convertible debentures in tranches, raising a total of $10,405,000. As of March 31, 2025, convertible debentures principal amounts totalling $9,505,000 (December 31, 2024 - $10,000,000) remain outstanding, after convertible debentures conversions totalling $495,000 (December 31, 2024 - $405,000) during the period, described below.

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

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

Key terms and features of convertible debentures

Conversion Features:

Type 1:

- Holders may convert to a unit all or a portion of all these convertible debentures (Type 1 Convertible Debentures) at any time. The conversion price of outstanding Type 1 Convertible Debentures ranges from $0.25 to $0.29 per unit.
- Each unit consists of one common share and one-half of one non-transferable warrant, with each warrant entitling the holder to purchase one additional common share at a price ranging from $0.35 to $0.50 per common share until expiry.
- Warrants issuable upon conversion of Type 1 debentures are not part of the fully diluted share base.

(Unaudited - Expressed in Canadian dollars)

Type 2:

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

Forced conversion and prepayment:

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

Interest:

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

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

Type	Date of Issue	Issue Date	Maturity Date	Principal Amount at Date of Issue	Principal Amount at March 31, 2025	Interest Rate	Conversion Price	Warrant Exercise Price per Share
Type 1	December 2022	15-Dec-22	15-Dec-25	$1,440,000	$1,085,000	10.0%	$0.25/unit	$0.35
Type 1	February 2023	28-Feb-23	28-Feb-26	$625,000	$525,000	10.0%	$0.25/unit	$0.35
Type 2	December 2023	21-Dec-23	21-Dec-26	$2,260,000	$2,060,000	12.5%	$0.20/share	$0.30
Type 2	February 2024	16-Feb-24	16-Feb-27	$1,375,000	$1,130,000	12.5%	$0.20/share	$0.30
Type 1	May 2024	28-May-24	28-May-27	$2,455,000	$2,455,000	10.0%	$0.29/unit	$0.50
Type 2	June 2024	26-Jun-24	26-Jun-27	$2,250,000	$2,250,000	12.5%	$0.25/share	$0.35

Accounting of the convertible debentures

The Company determines the carrying amount of the financial liability using present value of future cashflows with the principal amounts and a market rate of interest of 25%. The debt component is being amortized using an effective interest rate ranging from 24% 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.

(Unaudited - Expressed in Canadian dollars)

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

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

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

Date of issue	Opening Balance $	Net Additions $	Accrued Interest $	Interest Paid $	Accretion $	Conversion $	Closing Balance $	Current Portion $	Long-term Portion $
December 31, 2023	934,408	1,854,770	203,931	(175,250)	173,072	-	**2,990,931**	34,681	2,956,250
December 2022	1,061,068	-	142,389	(142,389)	162,507	(141,781)	**1,081,794**	6,000	1,075,794
February 2023	482,655	-	62,500	(62,500)	64,323	-	**546,978**	20,833	526,145
December 2023	1,447,208	(5,457)	282,429	(291,061)	201,827	(45,979)	**1,588,967**	-	1,588,967
February 2024	-	956,366	145,734	(145,735)	86,149	(134,063)	**908,451**	-	908,451
May 2024	-	1,631,202	145,936	(122,762)	125,527	-	**1,779,903**	23,174	1,756,729
June 2024	-	1,397,914	144,531	(140,625)	102,678	-	**1,504,498**	3,906	1,500,592
December 31, 2024	2,990,931	3,980,025	923,519	(905,072)	743,011	(321,822)	**7,410,591**	53,914	7,356,677
December 2022	1,081,794	-	29,083	-	32,465	(136,212)	**1,007,130**	35,083	972,047
February 2023	546,978	-	14,403	(30,861)	18,972	(89,393)	**460,099**	4,375	455,724
December 2023	1,588,967	-	67,188	-	54,357	(99,229)	**1,611,283**	67,188	1,544,095
February 2024	908,451	-	36,667	-	23,464	(46,541)	**922,041**	36,667	885,374
May 2024	1,779,903	-	61,372	-	53,592	-	**1,894,867**	84,549	1,810,318
June 2024	1,504,498	-	70,313	-	50,145	-	**1,624,956**	74,219	1,550,737
March 31, 2025	7,410,591	-	279,026	(30,861)	232,995	(371,375)	**7,520,376**	302,081	7,218,295

During the three months ended March 31, 2025, the Company issued 2,190,000 common shares and 570,000 warrants (during the year ended December 31, 2024 – 1,855,000 common shares and 340,000 warrants) resulting from conversions of $495,000 convertible debentures, including:

- Type 1 December 2022 convertible debentures conversions at the price $0.25/unit (740,000 common shares and 370,000 warrants)
- Type 1 February 2023 convertible debentures conversions at the price $0.25/share (400,000 common shares and 200,000 warrants)
- Type 2 December 2023 convertible debentures conversions at the price $0.20/share (700,000 common shares), and
- Type 2 February 2024 convertible debentures conversions at the price $0.20/share (350,000 common shares) (Notes 10 and 12).

Subsequent to the three months ended March 31, 2025, the Company issued 725,000 common shares resulting from conversions of $150,000 convertible debentures, including:

- Type 1 December 2022 convertible debentures conversions at the price $0.25/unit (100,000 common shares and 50,000 warrants)
- Type 2 December 2023 convertible debentures conversions at the price $0.20/share (625,000 common shares) (Note 19).

9. ROYALTY DEBENTURE

On September 13, 2024 the Company completed an agreement with CVW CleanTech Inc. ("CVW") pursuant to which CVW provided the Company with $14,000,000 in funding through a five-year 10.0% second secured convertible debenture (the "Royalty Debenture") convertible into revenue royalties on two future facilities. No principal payments are permitted, and interest is paid semi-annually, or at the election of the Company, added to the principal.

Upon the achievement of certain production and financial milestones, the Royalty Debenture will convert the full principal of the Royalty Debenture into two, equal royalty interests in the next two of the Company's planned asphalt shingle reprocessing facilities after Empower Calgary. The Royalty Debenture will convert at a ratio of 1.7143% for every $1,000,000 of principal with a royalty interest of 12% resulting from a conversion of $7,000,000 in principal.

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

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

During the three months ended March 31, 2025, a fair value remeasurement charge of $353,500 was recognized. As accrued interest accumulates, it contributes to the overall cash flows, which can affect the instrument's value. Actual progress towards completion of future facilities remains consistent with budgeted timelines, therefore there was no further valuation impact as at March 31, 2025. The following table presents the change in Royalty Debenture balance:

(Unaudited - Expressed in Canadian dollars)

	March 31, 2025	December 31, 2024
Balance, beginning of period	$ 14,420,000	$ -
Increase in fair value	353,500	420,000
Balance, end of period	$ 14,773,500	$ 14,420,000

10. COMMON SHARES

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

As at March 31	**2025**	**2024**
Common shares, beginning of period	130,875,408	126,710,381
Conversion of convertible debentures (Note 8)	2,190,000	-
Exercise of warrants (Note 12)	1,240,808	-
Common shares, end of period	**134,306,216**	**126,710,381**

11. PREFERRED SHARES

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

As part of the transaction, Northstar signed a Memorandum of Understanding (“MOU”) with TAMKO Building Products LLC, relating to the proposed construction and operation of the first four shingle reprocessing facilities built by Northstar in the U.S. The agreement includes providing a supply agreement from the TAMKO facilities to the Empower facilities for asphalt shingles, a take or pay offtake agreement for the sale of asphalt oil and aggregate from the Empower facilities to the TAMKO facilities, a licensing agreement, and the obligation to purchase two sets of Northstar convertible debentures of US$1,800,000 each after the acceptance of certain milestones in the ERA Contribution Agreement. As a result of acceleration, the first tranche of $2,455,000 (US$1,800,000) convertible debentures was received by the Company during 2024 (Note 8).

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

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

(Unaudited - Expressed in Canadian dollars)

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

12. RESERVES

Stock options

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

Stock option transactions are summarized as follows:

	Number of Options	Weighted Average Exercise Price
Outstanding, December 31, 2023	**7,437,326**	**$ 0.33**
Granted	3,196,002	$ 0.22
Expired	(425,000)	$ 0.21
Forfeited	(364,285)	$ 0.23
Outstanding, December 31, 2024 and March 31, 2025	**9,844,043**	**$ 0.21**

Share-based compensation recognized for options vested during the three months ended March 31, 2025 was $124,229 (March 31, 2024 - $24,822).

(Unaudited - Expressed in Canadian dollars)

Outstanding and exercisable stock options as at March 31, 2025:

		Number of Options	
Expiry Date	**Exercise Price**	**Outstanding**	**Exercisable**
February 16, 2026	$ 0.21	2,500,000	2,500,000
June 12, 2026	$ 0.21	300,000	300,000
July 12, 2026	$ 0.21	2,100,000	2,100,000
December 15, 2026	$ 0.21	200,000	200,000
February 7, 2027	$ 0.21	200,000	200,000
April 19, 2027	$ 0.21	217,997	217,997
August 30, 2027	$ 0.21	20,000	20,000
March 2, 2028	$ 0.21	11,000	11,000
September 7, 2028	$ 0.21	1,074,044	1,074,044
October 4, 2028	$ 0.21	25,000	12,500
January 8, 2029	$ 0.21	250,000	125,000
February 20, 2029	$ 0.21	11,000	5,500
September 19, 2029	$ 0.215	2,625,002	787,066
November 25, 2029	$ 0.28	310,000	-
Total Outstanding		**9,844,043**	**7,553,107**

The estimated remaining life of the stock options at March 31, 2025 was 2.48 years.

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

		Number of Options	
Expiry Date	**Exercise Price**	**Outstanding**	**Exercisable**
February 16, 2026	$ 0.21	2,500,000	2,500,000
June 12, 2026	$ 0.21	300,000	300,000
July 12, 2026	$ 0.21	2,100,000	2,100,000
December 15, 2026	$ 0.21	200,000	200,000
February 7, 2027	$ 0.21	200,000	200,000
April 19, 2027	$ 0.21	217,997	145,332
August 30, 2027	$ 0.21	20,000	20,000
March 2, 2028	$ 0.21	11,000	8,250
September 7, 2028	$ 0.21	1,074,044	912,022
October 4, 2028	$ 0.21	25,000	12,500
January 8, 2029	$ 0.21	250,000	62,500
February 20, 2029	$ 0.21	11,000	2,750
September 19, 2029	$ 0.215	2,625,002	-
November 25, 2029	$ 0.28	310,000	-
Total Outstanding		**9,844,043**	**6,463,354**

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

Subsequent to the three months ended March 31, 2025, the Company issued 174,420 common shares resulting from stock options exercised.

(Unaudited - Expressed in Canadian dollars)

Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
Outstanding, December 31, 2023	**36,305,975**	**$ 0.25**
Issued	17,316,250	$ 0.33
Expired	(653,500)	$ 0.27
Outstanding, December 31, 2024	**52,968,725**	**$ 0.28**
Issued	570,000	$ 0.35
Exercised	(1,240,808)	$ 0.20
Outstanding, March 31, 2025	**52,297,917**	**$ 0.28**

The estimated remaining life of the warrants at March 31, 2025 is 1.55 years (December 31, 2024 - 1.8 years).

Outstanding and exercisable warrants:

	Expiry Date	Exercise Price	March 31, 2025	December 31, 2024
	December 15, 2025	$ 0.350	710,000	340,000
Broker warrants	December 15, 2025	$ 0.350	157,200	157,200
Broker warrants	February 28, 2026	$ 0.350	224,000	24,000
Broker warrants	April 19, 2026	$ 0.200	404,311	511,819
	April 19, 2026	$ 0.200	16,762,067	17,895,367
	July 13, 2026 (1)	$ 0.279	4,596,268	4,596,268
Finders warrants	July 13, 2026 (1)	$ 0.279	406,249	406,249
	July 13, 2026 (1)	$ 0.465	490,615	490,615
Finders warrants	July 13, 2026 (1)	$ 0.465	204,457	204,457
	December 21, 2026	$ 0.300	11,300,000	11,300,000
Broker warrants	December 21, 2026	$ 0.300	316,500	316,500
	February 16, 2027	$ 0.300	6,875,000	6,875,000
Broker warrants	February 16, 2027	$ 0.300	131,250	131,250
	June 26, 2027	$ 0.350	9,000,000	9,000,000
Broker warrants	June 26, 2027	$ 0.350	720,000	720,000
Outstanding and exercisable			**52,297,917**	**52,968,725**

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

During the three months ended March 31, 2025, the Company issued 570,000 warrants for conversions of convertible debentures (Note 8).

Subsequent to the three months ended March 31, 2025, the Company issued 530,000 common shares resulting from warrants and broker warrants exercised, including 50,000 common shares, proceeds for which of $10,000 were received prior to March 31, 2025, and are recorded in shares to be issued. In addition, the Company also issued 50,000 warrants for conversions of convertible debentures (Note 19).

(Unaudited - Expressed in Canadian dollars)

Restricted stock units and performance stock units

The Company grants restricted stock units (“RSUs”) and performance stock units (“PSUs”) to employees as share-base payments enabling them to acquire up to 10,000,000 of the issued and outstanding common stock of the Company. Under the plan, the quantity of each restricted stock unit is as determined by the Board at the time of grant. The maximum quantity of each PSU is determined by the Board at the time of grant, but the quantity is then adjusted at the first vesting date by the performance factor achieved during the performance period. The RSUs and PSUs vest over 3 years. The fair value is determined using the stock price at the date of grant.

Issued RSUs and PSUs outstanding at March 31, 2025:

	Vesting Date	Issued	Cash-settled	Equity-settled
2024 RSUs	September 19, 2025	347,676	-	347,676
2024 RSUs	September 19, 2026	347,676	-	347,676
2024 RSUs	November 25, 2025	155,000	-	155,000
2024 RSUs	November 25, 2026	155,000	-	155,000
Total RSUs and PSUs		**1,005,352**	**-**	**1,005,352**

1,005,562 equity settled PSUs, 310,786 equity-settled RSUs and 142,381 cash-settled PSUs vested on March 31, 2025.

Issued RSUs and PSUs outstanding at December 31, 2024:

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

The fair value of RSUs is calculated using the stock price at the date of grant and amortized over the vesting schedule. Cash-settled RSUs are re-valued at each reporting date and classified as liabilities.

The fair value of the PSUs is calculated using the stock price at the date of granting multiplied by the anticipated achievable performance factor and amortized over the vesting schedule. Cash-settled PSUs are re-valued at each reporting date. For the three months ended March 31, 2025, the Company anticipated a performance factor of 135% for equity-settled PSUs.

During the year ended December 31, 2024, the Company completed a restructuring plan of its performance units and cancelled 1,421,427 of the 2023 cash-settled PSUs and RSUs. These cancelled cash-settled PSUs and RSUs were replaced with the accrual of long-term cash bonuses, $185,000 of which were paid out during the year ended December 31, 2024. As at March 31, 2025, a total of $226,099 of the bonuses payable net of forfeitures remain accrued and presented within current accounts payable and accrued liabilities.

(Unaudited - Expressed in Canadian dollars)

Total compensation recognized for RSUs and PSUs vested during the three months ended March 31, 2025 was $106,295, of which $35,700 is presented as wages and benefits, and the remaining $70,595 is presented as share-based compensation in the consolidated statement of loss and comprehensive loss.

Subsequent to the three months ended March 31, 2025, certain cash-settled PSUs were paid-out in the amount of $12,821 (Note 19).

Subsequent to the three months ended March 31, 2025, the Company issued 1,316,349 common shares to employees associated with the equity-based PSUs and RSUs which vested on March 31, 2025 (Note 19).

13. GENERAL & ADMINISTRATIVE EXPENSES

For the three months ended March 31	2025	2024
Advertising, marketing and investor relations	$ 146,884	$ 106,559
Consulting fees	50,506	4,864
IT and communications	21,253	15,220
Office and administration	19,865	8,245
Professional fees	149,400	81,569
Transfer agent and regulatory fees	13,332	11,502
Travel	39,195	47,215
Wages, benefits and director fees (Note 14)	521,330	425,576
	$ 961,765	$ 700,750

14. RELATED PARTY TRANSACTIONS AND BALANCES

(a) As at December 31, 2024, accounts payable and accrued liabilities include $408,517 (December 31, 2024 - $350,837) owing to key management personnel. The amounts are unsecured, non-interest bearing and due on demand.

(b) Key management personnel include those persons having authority and responsibility for planning, directing and controlling the activities of the Company as a whole. During the years presented the Company paid or accrued the following key management personnel compensation to directors, officers, and/or companies controlled by directors and officers and/or companies with certain directors in common:

For the three months ended March 31	2025	2024
Share-based compensation	152,819	171,326
Wages, benefits and director fees	321,928	218,862
	$ 474,747	$ 390,188

(c) During the three months ended March 31, 2025, the amount of $Nil (December 31, 2024 - $50,000) was received in convertible debenture proceeds by officers or directors of the Company.

(Unaudited - Expressed in Canadian dollars)

15. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

For the three months ended March 31	2025	2024
Changes in non-cash working capital items and items not affecting operating activities		
GST receivables	$ (261,966)	$ (99,582)
Receivables	9,504	(39,261)
Prepaids	147,230	(113,957)
Accounts payable and accrued liabilities	(1,131,677)	(73,114)
	(1,236,909)	(325,914)
Changes in non-cash working capital relating to:		
Operating	(1,236,909)	(325,914)
Investing	(709,447)	128,664
Financing	-	-
	$ (1,946,356)	$ (197,250)

Significant non-cash transactions during the three months ended March 31, 2025:

- Property, plant and equipment included in accounts payable and accrued liabilities - $1,900,614.
- Property, plant and equipment included in receivables - $17,385.

Significant non-cash transactions during the three months ended March 31, 2024:

- Property, plant and equipment included in accounts payable and accrued liabilities - $816,772.
- Property, plant and equipment included in receivables - $17,400.
- Issued 131,250 Broker Warrants as finders fees on Convertible Debt issuance valued at $8,516.

16. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Capital management

The Company manages its capital to ensure that it will be able to continue as going concern while maximizing the return to shareholders through the optimization of debt and equity balances. The capital of the Company consists of items included in shareholders' deficiency of $3,462,176. The Company manages its capital structure and makes adjustments in light of changes in economic conditions. To maintain or adjust the capital structure, the Company may issue equity or return capital to shareholders. There were no changes to the Company's approach to capital management during the three months ended March 31, 2025. The Company is not subject to externally imposed capital requirements.

Market and Operational Risk

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

Financial risk management objectives

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

i) Credit Risk

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

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

The Company's receivable consists of mainly amounts receivable from customers for tipping fees. Following credit evaluations, it was concluded that the counterparties possess strong creditworthiness, demonstrating their ability to meet financial obligations consistently.

ii) Liquidity Risk

Liquidity risk is the risk that the Company will not meet its financial obligations as they become due.

Accounts payable and accrued liabilities are paid in the normal course of business generally according to their terms. In the normal course of business, the Company enters into contracts that give rise to commitments for future minimum payments. As at March 31, 2025, the Company had $2,853,382 cash to settle current liabilities of $4,149,213.

iii) Interest Rate Risk

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

iv) Foreign currency risk

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

As at March 31, 2025, the Company has certain monetary items denominated in United States dollars. Based on these net exposures, a 10% change of the Canadian dollar against the United States dollar would result in an impact on net loss of $8,580 (December 31, 2024 – $17,056). The Company does not hedge its risk from changes in foreign currency exchange rates.

Fair value measurements recognized in the statement of financial position

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

	March 31, 2025	**December 31, 2024**
Financial assets at amortized cost (i)	$ 2,936,929	$ 10,318,955
Financial liabilities at amortized cost (ii)	$ 18,660,388	$ 20,385,260
Financial Liabilities at FVTPL (iii)	$ 14,773,500	$ 14,420,000

(i) Cash and receivables
(ii) Accounts payable and accrued liabilities, equity-based compensation payable, loans payable and convertible debentures.
(iii) Royalty debentures (Note 9)

(Unaudited - Expressed in Canadian dollars)

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

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

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

The three levels are defined as follows:

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

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

17. SEGMENTED INFORMATION

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

18. COMMITMENTS

The Company's commitments are enforceable and legally binding obligations to make payments in the future for goods and services. These items exclude amounts recorded on the consolidated balance sheet. The Company had the following commitments as at March 31, 2025:

Commitments	2025	2026	2027	2028	2029	Thereafter	Total
Variable Lease Commitments:							
Northstar (i)	$ 21,402	$ 28,536	$ 28,536	$ 28,536	$ 28,536	$ 2,378	$ 137,924
Empower Calgary(ii)	88,875	118,500	118,500	118,500	118,500	1,184,999	1,747,874
Empower Delta (iii)	161,740	215,654	215,654	215,654	215,654	2,372,193	3,396,549
	$ 272,017	**$ 362,690**	**$ 362,690**	**$ 362,690**	**$ 362,690**	**$ 3,559,570**	**$ 5,282,347**

(i) Leased office space with an initial term of 5 years commencing February 1, 2025 and includes one additional 5-year term. Early occupancy was obtained December 1, 2024.
(ii) Leased land and building for Empower Calgary with an initial term of 15 years with two additional 5-year optional terms.
(iii) Leased land and building for Empower Delta with an initial term commencing January 1, 2025 and ending December 31, 2040.

19. SUBSEQUENT EVENTS

In addition to subsequent events disclosed elsewhere in the financial statements, the following occurred after March 31, 2025:

- The Company issued 725,000 common shares and 50,000 warrants for conversions of convertible debentures resulting from conversions of $150,000 convertible debentures (Note 8).

- The Company issued 530,000 common shares resulting from warrants and broker warrants exercised, including 50,000 common shares, proceeds for which of $10,000 were received prior to March 31, 2025, and are recorded in shares to be issued (Note 12).

- The Company issued 174,420 common shares resulting from stock options exercised (Note 12).

- Cash-settled PSUs were paid-out in the amount of $12,821 (Note 12).

- The Company issued 1,316,349 common shares to employees as payment for the equity-based PSUs and RSUs vested on March 31, 2025 (Note 12).

- On May 5, 2025, the Company announced the successful completion of Milestone 2 requirements stipulated in the Contribution Agreement which required, among other criteria, substantial completion of the Empower Calgary facility as defined in the Builder’s Lien Act. The resulting $3,864,474 funding from ERA brings receipts to date from ERA to $5,205,196. Approximately $1,883,660 remains outstanding under the Contribution Agreement upon attainment of commissioning and operational milestones.

- On May 16, 2025, the Company announced it had completed all criteria necessary and received all remaining amounts under the $8.75 million BDC Facility. The remaining portion totaled $617,698 which included a $250,000 hold-back. The loan will be amortized on a monthly basis over a thirteen year period, with each payment comprising principal and interest.