



**(formerly Northstar Venture Technologies Inc)**

**Condensed Consolidated Interim Financial Statements**

**For the periods ended March 31, 2021 and 2020  
(Unaudited - Expressed in Canadian Dollars)**

# Northstar Clean Technologies Inc.

(formerly Northstar Venture Technologies Inc.)

## Condensed Consolidated Interim Statements of Financial Position

(Unaudited - Expressed in Canadian Dollars)

As at March 31, 2021 and December 31, 2020

	March 31, 2021	December 31, 2020
<b>ASSETS</b>		
<b>Current</b>		
Cash	\$ 262,473	\$ 1,977,795
Restricted cash (Note 9)	11,899,163	-
Deferred financing cost (Note 9)	352,649	-
Input tax credits receivable	235,478	206,225
Prepays	13,061	13,061
Net investment in sublease (Note 5)	53,710	51,824
	<u>12,816,534</u>	<u>2,248,905</u>
<b>Non-Current</b>		
Deposits (Note 5)	451,070	48,570
Property, plant and equipment (Note 6)	2,573,141	2,370,872
Long-term investments	4	4
Net investment in sublease (Note 5)	177,095	191,411
Right-of-use asset (Note 5)	2,145,217	-
	<u>5,346,527</u>	<u>2,610,857</u>
	<u>\$ 18,163,061</u>	<u>\$ 4,859,762</u>
<b>LIABILITIES AND SHAREHOLDERS' EQUITY</b>		
<b>Current</b>		
Accounts payable and accrued liabilities	\$ 169,991	\$ 342,569
Subscriptions received (Note 9)	12,251,812	-
Credit facility payable (Note 7)	1,026,701	1,365,557
Loans payable (Note 7)	315,898	551,710
Lease liability (Notes 5)	410,571	51,824
	<u>14,174,973</u>	<u>2,311,660</u>
<b>Non-Current</b>		
Lease liability (Notes 5)	1,996,574	191,411
	<u>16,171,547</u>	<u>2,503,071</u>
<b>Shareholders' equity</b>		
Capital stock (Note 9)	12,848,044	12,602,086
Reserves (Note 10)	1,062,578	543,854
Deficit	(11,919,108)	(10,789,249)
	<u>1,991,514</u>	<u>2,356,691</u>
	<u>\$ 18,163,061</u>	<u>\$ 4,859,762</u>

Nature of operations and continuance of operations (Note 1)

Subsequent events (Note 13)

### On behalf of the Board:

"Neil Currie"

Director

"Gord Johnson"

Director

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

## Northstar Clean Technologies Inc.

(formerly Northstar Venture Technologies Inc.)

### Condensed Consolidated Interim Statements of Loss and Comprehensive Loss

(Unaudited - Expressed in Canadian Dollars)

For the three months ended March 31, 2021 and 2020

	March 31, 2021	March 31, 2020
<b>RESEARCH AND DEVELOPMENT EXPENSES</b>		
Contract consulting fees	\$ 7,368	\$ 5,000
Site materials	21,223	-
	<u>(28,591)</u>	<u>(5,000)</u>
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>		
Advertising, marketing and promotion	743	-
Bank charges, interest and finance charges	85,574	34,464
Consulting fees	130,575	-
Depreciation (Note 5 and 6)	115,492	88,198
Management fees (Note 8)	-	27,880
Office and administration	-	133
Professional fees	149,088	3,717
Rent and utilities	36,759	76,063
Share-based compensation (Note 10)	518,724	-
Transfer agent and regulatory fees	17,970	-
Travel	3,968	-
Wages and benefits	48,352	-
	<u>(1,107,245)</u>	<u>(230,455)</u>
<b>OTHER ITEMS</b>		
Interest income	5,977	-
	<u>\$ (1,129,859)</u>	<u>\$ (235,455)</u>
<b>Loss and comprehensive loss for the period</b>		
	<u>\$ (1,129,859)</u>	<u>\$ (235,455)</u>
<b>Basic and diluted loss per share</b>	<u>\$ (0.02)</u>	<u>\$ (0.01)</u>
<b>Weighted average number of common shares outstanding (basic and diluted)</b>	<u>68,282,989</u>	<u>39,166,077</u>

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

## Northstar Clean Technologies Inc.

(formerly Northstar Venture Technologies Inc.)

### Condensed Consolidated Interim Statements of Changes in Shareholders' Equity

(Unaudited - Expressed in Canadian Dollars)

	Number of Shares	Capital Stock	Subscriptions Received	Reserves	Deficit	Total Shareholders' Equity
<b>Authorized Share Capital:</b>						
Unlimited number of common shares without par value						
<b>Issued:</b>						
<b>Balance, December 31, 2019</b>	<b>39,166,077</b>	<b>\$ 3,906,565</b>	<b>\$ -</b>	<b>\$ 534,051</b>	<b>\$ (4,192,456)</b>	<b>\$ 248,160</b>
Warrant subscriptions received	-	-	233,625	-	-	233,625
Loss for the period	-	-	-	-	(235,455)	(235,455)
<b>Balance, March 31, 2020</b>	<b>39,166,077</b>	<b>3,906,565</b>	<b>233,625</b>	<b>534,051</b>	<b>(4,427,911)</b>	<b>246,330</b>
<b>Balance, December 31, 2020</b>	<b>68,282,989</b>	<b>12,602,086</b>	<b>-</b>	<b>543,854</b>	<b>\$ (10,789,249)</b>	<b>\$ 2,356,691</b>
Share-based payments (Note 10)	-	-	-	518,724	-	518,724
Shares issued for debt	702,736	245,958	-	-	-	245,958
Loss for the period	-	-	-	-	(1,129,859)	(1,129,859)
<b>Balance, March 31, 2021</b>	<b>68,985,725</b>	<b>\$ 12,848,044</b>	<b>\$ -</b>	<b>\$ 1,062,578</b>	<b>\$ (11,919,108)</b>	<b>\$ 1,991,514</b>

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

**Northstar Clean Technologies Inc.**  
(formerly Northstar Venture Technologies Inc.)  
**Condensed Consolidated Interim Statements of Cash Flows**  
(Unaudited - Expressed in Canadian Dollars)  
For three months ended March 31, 2021 and 2020

	March 31, 2021	March 31, 2020
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Net income loss for the period	\$ (1,129,859)	\$ (235,455)
Items not affecting cash		
Depreciation	115,492	80,538
Interest and finance charges on loans	23,257	36,588
Share-based payments	518,724	-
Interest on lease liabilities	55,808	-
	<u>(416,578)</u>	<u>(118,329)</u>
Changes in non-cash working capital items		
Receivables	(29,253)	(17,335)
Accounts payable and accrued liabilities	(172,578)	247,200
Net cash flows used in operating activities	<u>(618,409)</u>	<u>111,536</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Acquisition of property, plant and equipment	(202,838)	(185,758)
Deposits	(402,500)	-
Lease payments received	12,430	-
Net cash flows provided by (used in) investing activities	<u>(592,908)</u>	<u>(185,758)</u>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>		
Loan repayments	(351,967)	-
Warrant subscriptions received	-	233,625
Bank indebtedness	-	(65,733)
Lease liabilities	(152,038)	(89,775)
Subscriptions received	12,251,812	-
Deferred financing costs	(352,649)	-
Net cash flows provided by financing activities	<u>11,395,158</u>	<u>78,117</u>
<b>Change in cash and restricted cash during the period</b>	<b>10,183,158</b>	<b>3,895</b>
<b>Cash, beginning of period</b>	<b>1,977,795</b>	<b>-</b>
<b>Cash and restricted cash, end of period</b>	<b>\$ 12,161,636</b>	<b>\$ 3,895</b>
Consists of:		
Cash	\$ 262,473	\$ 3,895
Restricted cash	11,899,163	-
	<u>\$ 12,161,636</u>	<u>\$ 3,895</u>
Cash paid for interest	\$ 13,111	\$ -
Cash paid for tax	\$ -	\$ -

Supplemental disclosures with respect to cash flows (Note 11)

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

# **Northstar Clean Technologies Inc.**

(formerly Northstar Venture Technologies Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

March 31, 2021

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## **1. NATURE OF OPERATIONS AND CONTINUANCE OF OPERATIONS**

### **Nature of operations**

Northstar Clean Technologies Inc. (“Northstar” or the “Company”) was incorporated on August 21, 2017 as Blocktech Ventures Inc. under the laws of the British Columbia Corporations Act. On August 4, 2020, the Company entered into an amalgamation agreement and on December 23, 2020, the Company completed an amalgamation with its subsidiary 1257848 BC Ltd. and Empower Environmental Solutions Ltd (“Empower”) (the “Amalgamation”). Upon Amalgamation, the Company acquired all the shares of Empower (41,248,577 shares) by issuing 44,331,147 Company shares in exchange. Pursuant to the agreement, following completion of the transaction, Empower shareholders own approximately 64.92% of the combined company resulting in the shareholders of the Empower controlling the Company. Accordingly, the transaction was considered a reverse takeover transaction (“RTO”). The head office and principal address of the Company is located at 7046 Brown Street, Delta, British Columbia, Canada, V4G 1G8. The Company’s registered and records office is Suite 900, 885 West Georgia Street, Vancouver, British Columbia, Canada V6C 3H1.

The principal business of Empower and the Company subsequent to the Amalgamation, is the commercialization of a proprietary process technology for the recycling of asphalt shingles and the extraction and recovery of asphalt cement, fiberglass/felt and mineral aggregates to be sold and used in asphalt pavement, shingle manufacturing, construction products, and other industrial applications.

### **Going concern**

These condensed consolidated interim financial statements have been prepared on the basis of accounting principles applicable to a going concern, which assume 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.

Management has secured \$12,251,812 in Subscription Receipts (Note 9) so that its capital resources will be sufficient to carry its operations, however, the release of funds are subject to British Columbia Securities Commission, or other applicable securities regulatory authority in a jurisdiction in Canada, has issued a receipt for a final prospectus to the Company on or before June 2021. There can be no assurance that it will be successful in obtaining a final receipt, and the uncertainty may cast significant doubt on the Company’s ability to continue as a going concern. The Company currently has no source of revenue and has significant cash requirements to meet its administrative overhead to complete the recycling plant.

In March 2020 the World Health Organization declared coronavirus COVID-19 a global pandemic. This contagious disease outbreak, which has continued to spread, and any related adverse public health developments, has adversely affected workforces, economies, and financial markets globally, potentially leading to an economic downturn. It is not possible for the Company to predict the duration or magnitude of the adverse results of the outbreak and its effects on the Company’s business or ability to raise funds.

## **2. BASIS OF PREPARATION**

### **Statement of compliance**

These condensed consolidated interim financial statements are unaudited and have been prepared in accordance with IAS 34 ‘Interim Financial Reporting’ (“IAS 34”) using accounting policies consistent with the International Financial Reporting Standards (“IFRS”) issued by the International Accounting Standards Board (“IASB”) and Interpretations of the International Financial Reporting Interpretations Committee (“IFRIC”).

# Northstar Clean Technologies Inc.

(formerly Northstar Venture Technologies Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

March 31, 2021

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## 2. BASIS OF PREPARATION (Continued)

### Statement of compliance (Continued)

The policies applied in these interim consolidated financial statements are based on IFRS issued and effective as of March 31, 2021. The Board of Directors approved the condensed consolidated interim financial statements for issue on June 18, 2021.

This consolidated interim financial report does not include all of the information required of a full annual financial report and is intended to provide users with an update in relation to events and transactions that are significant to an understanding of the changes in financial position and performance of the Company since the end of the last annual reporting period. It is therefore recommended that this financial report be read in conjunction with the annual financial statements of the Company for the year ended December 31, 2020. However, this consolidated interim financial report provides selected significant disclosures that are required in the annual financial statements under IFRS. Certain amounts in prior periods have been reclassified to conform to the current period presentation.

### Basis of measurement

The condensed consolidated interim financial statements have been prepared on the historical cost basis except for certain financial instruments, which are measured at fair value as explained in the accounting policies. These condensed consolidated interim financial statements have been prepared using the accrual basis of accounting with the exception of cash flow information.

### Functional and presentation currency

These condensed consolidated interim financial statements are presented in Canadian dollars, which is the functional currency of the Company and its subsidiaries. All financial information is expressed in Canadian dollars unless otherwise stated and have been rounded to the nearest dollar.

### Use of estimates and judgements

The preparation of the condensed consolidated interim financial statements in conformity with IFRS requires the use of judgments, estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the interim consolidated financial statements and the reported amounts of revenues and expenses during the reporting period. Although these judgments and estimates are based on management's best knowledge of the amount, event or actions, actual results ultimately may differ from those judgments and estimates.

The most significant accounts that require judgments and estimates as the basis for determining the stated amounts include the recoverability of property, plant and equipment, assumptions used in share-based payments, recognition of deferred income tax amounts, and the going concern assumption.

Information about assumptions and estimation uncertainties that have a significant risk of resulting in material adjustments are as follows:

#### *Estimates*

##### Recoverability of property, plant, and equipment

The carrying value and the recoverability of property and equipment, which are included in the consolidated statements of financial position. The cost model is utilized and the value of the property and equipment is based on the expenditures incurred. At every reporting period, management assesses the potential impairment which involves assessing whether or not facts or circumstances exist that suggest the carrying amount exceeds the recoverable amount.

# Northstar Clean Technologies Inc.

(formerly Northstar Venture Technologies Inc.)

## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

March 31, 2021

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### 2. BASIS OF PREPARATION (Continued)

#### Valuation of share-based payments

The Company uses the Black-Scholes option pricing model for valuation of share-based payments. Option pricing models require the input of subjective assumptions including expected price volatility, interest rate and forfeiture rate. Changes in the input assumptions can materially affect the fair value estimate and the Company's earnings and equity reserves.

#### *Critical judgements*

#### Income taxes

In assessing the probability of realizing income tax assets, management makes estimates related to expectations of future taxable income, applicable tax opportunities, expected timing of reversals of existing temporary differences and the likelihood that tax positions taken will be sustained upon examination by applicable tax authorities. In making its assessments, management gives additional weight to positive and negative evidence that can be objectively verified.

#### Going concern

The going concern assumes that the Company will continue in operation for the foreseeable future and will be able to realize its assets and discharge its liabilities in the normal course of operations. Management plans to ensure the continuation of the operations is discussed in note 1.

### 3. SIGNIFICANT ACCOUNTING POLICIES

These unaudited condensed interim financial statements follow the same accounting policies and methods of application as the annual audited financial statements for the year ended December 31, 2019.

- (a) **There were no new accounting standards adopted during the period**
- (b) **New accounting standards and interpretations not yet adopted**

#### **Classification of Liabilities as Current or Non-Current (Amendments to IAS 1)**

The IASB has published Classification of Liabilities as Current or Non-Current (Amendments to IAS 1) which clarifies the guidance on whether a liability should be classified as either current or non-current. The amendments:

- clarify that the classification of liabilities as current or non-current should only be based on rights that are in place "at the end of the reporting period"
- clarify that classification is unaffected by expectations about whether an entity will exercise the right to defer settlement of a liability
- make clear that settlement includes transfers to the counterparty of cash, equity instruments, other assets or services that result in extinguishment of the liability.

The amendment is effective for annual periods beginning on or after January 1, 2022. Earlier application is permitted. The Company does not expect the adoption of this amendment to have a significant impact.



## **Northstar Clean Technologies Inc.**

(formerly Northstar Venture Technologies Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

March 31, 2021

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### **4. ACQUISITION**

As described in Note 1, on December 23, 2020, Empower completed the Amalgamation with 1257848 BC Ltd., a wholly owned subsidiary of the Company. As consideration for the Amalgamation, the Company issued a total of 44,331,147 common shares to the shareholders of Empower.

The Amalgamation resulted in the shareholders of Empower obtaining control of the combined entity by obtaining control of the voting rights, governance, and management decision making processes, and the resulting power to govern the financial and operating policies of the combined entity.

The Amalgamation constitutes an RTO of Northstar by Empower and has been accounted for as a reverse acquisition transaction in accordance with the guidance provided in IFRS 2, Share-based Payments and IFRS 3, Business Combinations. As Northstar did not qualify as a business according to the definition in IFRS 3, the RTO does not constitute a business combination; rather it is treated as an issuance of common shares by Empower for the net assets of Northstar with Empower as the continuing entity. Accordingly, no goodwill or intangible assets were recorded with respect to the transaction as it does not constitute a business.

For accounting purposes, Empower was treated as the accounting parent company (legal subsidiary) and Northstar has been treated as the accounting subsidiary (legal parent) in these consolidated financial statements. As Empower was deemed to be the acquirer for accounting purposes, its assets, liabilities and operations since incorporation are included in these financial statements at their historical carrying values. Northstar's results of operations have been included from the date of the Amalgamation.

## Northstar Clean Technologies Inc.

(formerly Northstar Venture Technologies Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

March 31, 2021

### 4. NORTHSTAR ACQUISITION (Continued)

The following are the assumptions and adjustments relating to the acquisition of Northstar:

<b>Total Purchase Consideration</b>		
23,951,842 shares at \$0.35 per share private placement		\$ 8,383,146
<b>Allocation of Purchase Consideration</b>		
Assets		
Current		
Cash	\$ 1,975,538	
Input tax credits	133,246	
Prepaid expenses	13,159	
Bridge loan (Note 8)	731,301	
Investments	4	
Net investment in sub-lease	51,824	\$ 2,905,072
Non-Current		
Net investment in sub-lease		191,411
<b>Total assets</b>		<b>3,096,483</b>
Liabilities		
Current		
Accounts payable and accrued liabilities	\$ 23,625	
Lease liability	51,824	75,449
Non-Current		
Lease liability		191,411
<b>Total liabilities</b>		<b>(266,860)</b>
<b>Net assets acquired</b>		<b>2,829,623</b>
Share-based compensation		5,553,523
<b>Total</b>		<b>\$ 8,383,146</b>

The consideration was measured at the fair value of the shares that Empower would have had to issue to the shareholders of Northstar (23,951,842 common shares), to give the shareholders of Northstar the same percentage equity interest in the combined entity that results from the RTO had it taken the legal form of Empower acquiring Northstar.

## Northstar Clean Technologies Inc.

(formerly Northstar Venture Technologies Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

March 31, 2021

### 5. RIGHT-OF-USE ASSET AND LEASE LIABILITY

#### Right-of-use assets

The Company's right-of-use assets are entirely comprised of premises for operating facility. The following is the continuity of the cost and accumulated depreciation of right-of-use assets as at and for the periods ended March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
<b>Cost</b>		
Balance at beginning of period	\$ 612,140	\$ 612,140
Expiration	(612,140)	-
Additions	2,260,140	-
<b>Balance, end of period</b>	<b>\$ 2,260,140</b>	<b>\$ 612,140</b>
<b>Accumulated depreciation</b>		
Balance at beginning of period	\$ 612,140	\$ 319,377
Depreciation	114,923	292,763
Expiration	(612,140)	-
<b>Balance, end of period</b>	<b>\$ 114,923</b>	<b>\$ 612,140</b>
<b>Right-of-Use Asset</b>	<b>\$ 2,145,217</b>	<b>\$ -</b>

The Company's Net investment assets ("NIS") are comprised of premises under lease and are sub-leased. The following is the continuity of the NIS asset as at and for the as at and for the periods ended March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
<b>Net investment in sublease</b>		
NIS asset acquired form Northstar	\$ 243,235	\$ 243,235
Lease payments received	(18,408)	-
Finance income	5,978	-
<b>Value of net investment in sublease, end of period</b>	<b>230,805</b>	<b>243,235</b>
Current portion	(53,710)	(51,824)
<b>Non-current portion</b>	<b>\$ 177,095</b>	<b>\$ 191,411</b>

#### Lease liabilities

The following is the continuity of lease liabilities as at and for the as at and for the year ended December 31, 2020:

	March 31, 2021	December 31, 2020
<b>Cost</b>		
<b>Balance at beginning of year</b>	<b>\$ 243,235</b>	<b>\$ 310,251</b>
Additions	2,260,140	-
Lease payments	(158,016)	(329,175)
Lease acquired form Northstar	-	243,235
Interest accretion on lease liability	61,786	18,924
<b>Balance, December 31, 2019</b>	<b>\$ 2,407,145</b>	<b>\$ 243,235</b>
Current portion	(410,571)	(51,824)
<b>Non-current portion</b>	<b>\$ 1,996,574</b>	<b>\$ 191,411</b>

## Northstar Clean Technologies Inc.

(formerly Northstar Venture Technologies Inc.)

Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

March 31, 2021

### 5. RIGHT-OF-USE ASSET AND LEASE LIABILITY (Continued)

The following is a schedule of future minimum lease payments under lease commitments as of March 31, 2021 and December 31, 2020:

	March 31, 2021	December 31, 2020
<b>Total Payments:</b>		
No later than one year	\$ 634,366	\$ 73,824
Later than one year, not later than five years	2,396,741	221,471
Later than five years	-	-
<b>Net minimum lease payments</b>	<b>\$ 3,031,107</b>	<b>\$ 295,295</b>

Payments recognized in the consolidated financial statements relating to short-term leases and low-value assets for the periods ended March 31, 2021 were \$Nil (December 31, 2020 - \$Nil).

In connection with the agreement for the lease, the Company made a deposit payment of \$85,000 of which \$37,800 was applied to the Basic Rent due in December 2015, and the balance of \$47,200 will be held as a security deposit. The Company renegotiated a new lease on January 1, 2021 and the security deposit held with the addition of \$402,500 formed part of the new security deposit.

In connection with the NIS lease, the Company's lease term is until November 30, 2024. The current monthly basic rent is payable monthly in advance at a rate of \$6,136 per month plus the proportion share of expense in respect of operating costs and property taxes. The Company entered into an assignment agreement whereby the assignee has accepted the terms of the Company's lease terms and is paying the lease payments directly to the Landlord.

### 6. PROPERTY, PLANT AND EQUIPMENT

	Recycling equipment	Storage Facility	Equipment under construction	Furniture and Fixtures	Leasehold Improve- ments	Total
<b>Cost</b>						
<b>Balance – December 31, 2019</b>	<b>\$ 28,210</b>	<b>\$ 20,300</b>	<b>\$1,798,623</b>	<b>\$ 3,600</b>	<b>\$ 56,604</b>	<b>\$1,907,337</b>
Additions	-	-	560,888	-	-	560,888
<b>Balance – December 31, 2020</b>	<b>\$ 28,210</b>	<b>\$ 20,300</b>	<b>\$2,359,511</b>	<b>\$ 3,600</b>	<b>\$ 56,604</b>	<b>\$2,468,225</b>
Additions	-	36,168	166,670	-	-	202,838
<b>Balance – March 31, 2021</b>	<b>\$ 28,210</b>	<b>\$ 56,468</b>	<b>\$2,526,181</b>	<b>\$ 3,600</b>	<b>\$ 56,604</b>	<b>\$2,671,063</b>
<b>Accumulated Depreciation</b>						
<b>Balance – December 31, 2019</b>	<b>\$ 22,885</b>	<b>\$ 12,817</b>	<b>\$ -</b>	<b>\$ 2,273</b>	<b>\$ 28,518</b>	<b>\$ 66,493</b>
Additions	1,065	1,497	-	212	28,086	30,860
<b>Balance – December 31, 2020</b>	<b>\$ 23,950</b>	<b>\$ 14,314</b>	<b>\$ -</b>	<b>\$ 2,485</b>	<b>\$ 56,604</b>	<b>\$ 97,353</b>
Additions	213	300	-	56	-	569
<b>Balance – March 31, 2021</b>	<b>\$ 24,163</b>	<b>\$ 14,614</b>	<b>\$ -</b>	<b>\$ 2,541</b>	<b>\$ 56,604</b>	<b>\$ 97,922</b>
<b>Net Book Value</b>						
Balance – December 31, 2020	\$ 4,260	\$ 5,986	\$2,359,511	\$ 1,115	\$ -	\$2,370,872
Balance – March 31, 2021	\$ 4,047	\$ 41,854	\$2,526,181	\$ 1,059	\$ -	\$2,573,141

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## Notes to the Condensed Consolidated Interim Financial Statements

(Unaudited - Expressed in Canadian Dollars)

March 31, 2021

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### 7. LOANS PAYABLE

#### Credit Facility:

The Company has a variable rate term loan with a maximum authorized limit of \$1,500,000 with Vancity Savings Credit Union. The credit facility carries an annual interest rate of Vancity Prime + 1.75%, is calculated and payable monthly and secured by a general security agreement and personal guarantees of certain Directors and Shareholders. All amounts due under the credit facility are due on demand. The amount outstanding as at March 31, 2021 was \$1,026,701 (December 31, 2021 - \$1,365,557).

#### Shareholder loans:

The Company has a loan payable to a non-related party shareholders in the amount of \$523,520. The loans carry an annual interest rate of 10%, is unsecured and are due and payable in full on July 26, 2021. The amount outstanding as at March 31, 2021 was \$287,708 (December 31, 2020 - \$523,520) including \$37,708 (December 31, 2020 - \$79,513) in interest.

The Company has a loan payable to a non-related party shareholder in the amount of \$28,190. The is non-interest bearing, is unsecured and payable on demand. The amount outstanding as at March 31, 2021 was \$28,190 (December 31, 2020 - \$28,190).

#### Bridge loan:

Prior to the Amalgamation, Northstar advanced a total of \$731,301 to Empower. These amounts were eliminated after the Amalgamation date.

### 8. RELATED PARTY TRANSACTIONS AND BALANCES

- (a) As at March 31, 2021, accounts payable and accrued liabilities include \$23,594 (December 31, 2020 - \$16,793) owing to companies with certain directors in common and companies controlled by certain directors and officers. The amounts are unsecured, non-interest bearing and due on demand.
- (b) The Company considers its officers and directors to be key management personnel. 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:

	March 31, 2021	March 31, 2020
Consulting fees	\$ 30,000	\$ -
Management fees	-	27,880
Professional fees	15,000	-
Wages and benefits	45,000	-
Share-based payment	518,724	-

- (c) During the three months ended March 31, 2021, the Company acquired equipment in the amount of \$Nil (2020 - \$2,827) from a company with certain directors in common and companies controlled by certain directors and officers.

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## 9. CAPITAL STOCK

### Authorized Share Capital:

Unlimited number of common shares without par value

### Issuance of shares

During the period ended March 31, 2021, the Company completed the following share transactions:

- Issued a total of 702,736 common shares with a fair value of \$245,958 in settlement of debts in the amount of \$245,958 (Note 8).
- Issuance of subscription receipts and related terms  
On March 25, 2021 and March 26, 2021, the Company raised \$12,251,812 in Subscription Receipts at a price of \$0.35 per Subscription Receipt. Each Subscription Receipt will automatically convert into one unit upon the Company issuance to the Company of a receipt for a final prospectus by the British Columbia Securities Commission, or other applicable securities regulatory authority in Canada.

Each Unit is comprised of one common share in the capital of the Company (each, a “Share”) and one-half of one transferable common share purchase warrant (each whole warrant, a “Warrant”). Each Warrant will entitle the holder thereof to acquire one Share (each, a “Warrant Share”) at a price of \$0.50 per Warrant Share for a period of two years from listing on a public market.

The Subscribers acknowledge and agreed that the Subscription Amount will be held by Computershare Trust Company of Canada (the “Escrow Agent”) in accordance with the terms and conditions of a subscription receipt agreements. The Escrowed Proceeds will be held by the Escrow Agent until delivery of written notice by the Company to the Escrow Agent, in a form satisfactory to the Escrow Agent, confirming that the British Columbia Securities Commission, or other applicable securities regulatory authority in a jurisdiction in Canada, has issued a receipt for a final prospectus to the Company (the “Escrow Release Condition” and the time of satisfaction of the Escrow Release Condition, the “Effective Time”). If the Escrow Release Condition is not satisfied prior to 5:00 p.m. (Vancouver time) on June 30, 2021 (the “Escrow Deadline”), or if prior to such time, the Company delivers written notice (a “Default Notice”) to each of the holders of the Subscription Receipts and the Escrow Agent that it does not intend to satisfy the Escrow Release Condition, the Subscription Receipts shall be null and void and of no further effect and the Escrow Agent will return to holders of Subscription Receipts an amount equal to the aggregate Issue Price of the Subscription Receipts held by them without interest earned thereon. The Company will be responsible and liable to the holders of Subscription Receipts for any shortfall between the aggregate Issue Price and the Escrowed Proceeds. In connection with the Subscription Receipts, the Company will incur \$705,098 in finders fees payable in cash of which \$352,649 has been withheld from the Subscription Receipts and is recorded as deferred financing costs. The balance of the finders fees are payable on Escrow Release.

In addition, to the cash portion of the finder’s fees, 2,014,565 Special Warrants were issued and will be converted and issued as 2,014,565 Broker Warrants on Escrow Release.

Net Subscription Receipt Proceeds as at March 31, 2021 of \$11,888,663 was being held by Computershare as per the Escrow Release Condition.

During the year ended December 31, 2020, the Company completed the following share transactions:

- Northstar issued a total of 44,331,147 shares in connection with the RTO (Note 4) valued at \$8,383,146.
- Empower, prior to the Amalgamation issued a total of 2,082,500 shares at a price of \$0.15 per share for gross proceeds of \$312,375 on warrant exercises.

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### 10. RESERVES

#### Stock options

The Company has a stock option plan in place under which it is authorized to grant options to executive officers and directors, 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
<b>Outstanding</b> , December 31, 2019 and 2018	<b>2,280,000</b>	<b>\$ 0.250</b>
Cancelled on RTO	(2,280,000)	\$ 0.250
<b>Outstanding</b> , December 31, 2020	-	\$ -
Issued	3,300,000	\$ 0.350
<b>Outstanding</b> , March 31, 2021	<b>3,300,000</b>	<b>\$ 0.350</b>

Share-based compensation recognized for options vested during the three months ended March 31, 2021 was \$518,724 (December 31, 2020 - \$9,803).

Outstanding and exercisable stock options as at March 31, 2021:

Expiry Date	Number of Options		Exercisable
	Exercise Price	Outstanding	
February 16, 2031	\$ 0.35	3,300,000	825,000
<b>Total Outstanding</b>		<b>3,300,000</b>	<b>825,000</b>

The fair value of stock options were calculated using the Black-Scholes option pricing model with the following weighted average assumptions:

	March 31, 2021	December 31, 2020
Expected volatility	125%	N/A
Risk-free interest rate	1.12%	N/A
Expected life	10 years	N/A
Dividend yield	-	N/A
Estimated fair value per option	\$0.34	N/A

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### 10. RESERVES (Continued)

#### Warrants

Warrant transactions are summarized as follows:

	Number of Warrants	Weighted Average Exercise Price
<b>Outstanding, December 31, 2019</b>	<b>8,818,073</b>	<b>\$ 0.35</b>
Exercised*	(2,082,500)	\$ 0.15
Expired	(1,434,167)	\$ 0.30
Adjustment for conversion ratio**	396,183	\$ 0.06
<b>Outstanding, March 31, 2021 and December 31, 2020</b>	<b>5,697,589</b>	<b>\$ 0.30</b>

The Warrants will be void and of no value unless exercised on or before 5 years from the date that the warrants are issued, provided however, that if the Company's shares are listed for trading on a Stock Exchange or Stock Market before the expiry of the 5 year term at which the Warrant may be exercised any time after the expiry of five years from the date that the Company's shares are listed for trading on such Stock Exchange or Stock Market.

\* All warrants were given a one time reduction of exercise price from their original exercise price to \$0.15 from January 1, 2020 to June 30, 2020 at which time 2,082,500 warrants were exercised. On July 1, 2020 the exercise price reverted back to their original terms.

\*\*The warrants outstanding on acquisition (Note 4) 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.

Outstanding warrants:

Expiry Date	Exercise Price	March 31, 2021	December 31, 2020*
September 23, 2021*	\$ 0.279	1,074,732	1,074,732
September 23, 2021*	\$ 0.279	564,234	564,234
Finders warrants - September 23, 2021*	\$ 0.279	406,249	406,249
October 26, 2021*	\$ 0.279	1,558,361	1,558,361
November 14, 2021*	\$ 0.279	53,737	53,737
December 1, 2021*	\$ 0.279	268,683	268,683
November 8, 2023*	\$ 0.465	345,526	345,526
Finders warrants – November 8, 2023*	\$ 0.465	130,086	130,086
February 27, 2024*	\$ 0.465	145,089	145,089
Finders warrants – February 27, 2024*	\$ 0.465	74,371	74,371
April 4, 2024*	\$ 0.279	698,575	698,575
June 20, 2024*	\$ 0.279	64,484	64,484
June 26, 2024*	\$ 0.279	134,341	134,341
December 16, 2024*	\$ 0.279	179,121	179,121
<b>Outstanding and exercisable</b>		<b>5,697,589</b>	<b>5,697,589</b>

\*The warrants outstanding on acquisition (Note 4) 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 issued for a period of 5 years, should the Company become publicly listed, any warrants that have not expired will automatically renew for an additional 5 years from the listing date.



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## 11. SUPPLEMENTAL DISCLOSURES WITH RESPECT TO CASH FLOWS

Significant non-cash transactions during the three months ended March 31, 2021:

- Settled \$245,958 in vendor debts with 702,736 shares at \$0.35 per share.
- Recognition of \$2,260,140 in right-of-use assets and lease liabilities on adoption of IFRS 16.

Significant non-cash transactions during the year ended December 31, 2020:

- Settled \$274,341 in vendor debts with shareholder loans.
- Shares issued in connection with the RTO.
- Property, plant, and equipment included in accounts payable and accrued liabilities - \$125,377.
- Recognition of \$612,140 in right-of-use assets and lease liabilities on adoption of IFRS 16.

## 12. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

### a) 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' Equity of \$1,991,514.

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 period ended March 31, 2021. The Company is not subject to externally imposed capital requirements.

### b) 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.

### c) 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 is held with reputable banks in Canada. The long-term credit rating of these banks, as determined by Standard and Poor's, was A+.

### d) Liquidity Risk

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

Accounts payables 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, 2021, the Company had \$12,161,636 cash and restricted cash to settle current liabilities of \$14,174,973.

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### 12. FAIR VALUE OF FINANCIAL INSTRUMENTS AND RISK MANAGEMENT (Continued)

#### e) 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's credit facility bears interest at a rate of prime plus 1.75%, and as such the Company is exposed to interest rate risk. The effect of a 10% increase in interest rates would be nominal. In addition, an immaterial amount of interest rate exposure exists in respect of cash balances on the statement of financial position.

#### f) Foreign currency risk

The Company is exposed to foreign currency risk to the extent that monetary financial instruments are denominated in United States dollars. The Company has not entered any foreign currency contracts to mitigate this risk. The Company's sensitivity analysis suggests that a 10% change in the rate of exchange between the Canadian and United States dollar would have an insignificant impact on its results of operations as it held nominal financial assets and liabilities denominated in United States dollars.

#### g) 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, 2021	December 31, 2020
Financial assets at FVTPL (i)	\$ 12,161,636	\$ 1,977,799
Financial liabilities at amortized cost (ii)	\$ 13,764,402	\$ 2,259,836

(i) Cash, restricted cash and investments

(ii) Bank indebtedness, Accounts payable and accrued liabilities and loans payable.

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.

Cash and restricted cash is measured at fair value using Level 1 inputs. Investments are measured at Level 2. Fair value of level 2 investments were estimated by reference to an agreed sales price.

The fair values of other financial liabilities approximate their carrying value, due to their short-term nature.

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### **13. SUBSEQUENT EVENTS**

1) Directors' loans

Subsequent to the period ended March 31, 2021, the Company received \$480,000 in director's loans. The loans carry an interest rate of 6% per annum and are repayable on July 2, 2021.

2) Share issuance

Subsequent to the period ended March 31, 2021, the Company issued 2,150,000 shares under a Post-Closing Covenant in the Northstar Empower Agreement.

3) Cancellation of share subscriptions

Subsequent to March 31, 2021, the Company cancelled a total of 30,000 subscription receipts and refunded gross proceeds of \$10,500.

4) Prospectus

The Company intends to file a prospectus relating to the qualification for distribution of an aggregate of 34,975,178 common shares (the "Qualified Shares") and 17,487,584 share purchase warrants (the "Qualified Warrants") of the Company issuable on the conversion of subscription receipts to registrants and the qualification for distribution of 2,014,565 broker warrants of the Company upon the conversion of special warrants, in each case on a non-brokered private placement basis pursuant to prospectus exemptions under applicable securities legislation.