



NORTHSTAR
CLEAN TECHNOLOGIES

NORTHSTAR AND RENEWABLE U ENERGY INC. ANNOUNCE STRATEGIC PARTNERSHIP TO FULLY FUND NORTHSTAR'S PHASE 1 EXPANSION PROGRAM THROUGH FINANCING OF OVER \$43.5 MILLION

Highlights:

- *Delivers long-term strategic partnership between Northstar and Renewable U for the full debt funding for Northstar's three facility Phase 1 Expansion Program and ongoing operations of Northstar with over \$43.5 million of funding commitment.*
- *Of this \$0.75 million of equity funding already received at \$0.40 per Common Share.*
- *Over \$36 million in Debt Financing for the Phase 1 Expansion Program committed.*
- *Up to an additional \$6.75 million of equity and secured convertible debenture funding through \$1.95 million in a non-brokered private placement at the greater of market or \$0.40 per Common Share and up to an aggregate of \$4.8 million in 3-year Debentures at an interest rate of 6% per annum convertible, assuming full agreement execution, at a price of at the greater of market or \$0.50 per Common Share based on the full agreement execution.*
- *Northstar will issue 4,500,000 Warrants at an exercise price of \$0.60 per Common Share, exercisable over 24 months.*
- *Long term partnership benefits with strategically aligned partners providing a solid platform for the growth of a leading-edge technology.*

VANCOUVER, British Columbia – October 4, 2022 – Northstar Clean Technologies Inc. (TSXV: ROOF, OTCQB: ROOOF) (“**Northstar**” or the “**Company**”) and Renewable U Energy Inc. (“**Renewable U**”) are pleased to announce that they have entered into a binding term sheet (the “**Term Sheet**”) for a strategic financing of debt and securities (the “**Transaction**”), including common shares (each, a “**Common Share**”) in the capital of the Company and secured convertible debentures (each, a “**Debenture**”) for Northstar's proposed Phase 1 plan (“**Phase 1 Expansion Program**”) of building and constructing three scale-up asphalt shingle reprocessing facilities (each, a “**Facility**”) in Calgary (“**Empower Calgary Facility**”), and, as presently intended, both the greater Toronto area (“**Empower Toronto**”) and the Pacific Northwest, USA (“**Empower PNW**”). All figures noted in this press release are in Canadian dollars unless otherwise noted.

Mr. Aidan Mills, President & CEO and Director of Northstar, stated, “Over the last several months, we evaluated detailed proposals from a wide variety of potential funding partners and considered each in considerable detail, both quantitatively and qualitatively. At the end of this extensive process, Renewable U was our most attractive financing option. We are delighted to partner with

Renewable U on the strategic financing of our Phase 1 Expansion Program. We believe this financing option effectively advances our strategy of creating stakeholder value by both minimizing dilution and securing debt funding for our first three facilities. With Renewable U, we have a long-term partner that fully understands our business and we now look forward to building a long-term relationship together through the successful delivery of our leading-edge technology. With debt funding for three facilities secured, this not only gives us the ability to fully focus on the delivery of the Empower Calgary Facility, but also progress the development for the following two facilities without the significant distraction of seeking additional funders. Strategically, this partnership provides Northstar with a solid funding platform, which is exactly the outcome we hoped for from our funding process.”

Mr. Raphael Bohlmann, CEO and Director of Renewable U, stated, “In accordance with Renewable U’s corporate mandate to create economic prosperity while helping to preserve our world for future generations, we could not be more pleased to announce this funding partnership with Northstar. Northstar’s Phase 1 Expansion Program is precisely the type of strategic partnership Renewable U seeks to fund in the clean technology sector. Renewable U recognizes the value of this leading-edge technology and, combined with a solid financial model, look forward to a highly successful and rewarding partnership that will also have a positive environmental impact.”

Transaction Strategic Rationale for Northstar:

- Attractive funding option with limited equity dilution to Northstar shareholders of over \$43.5 million in debt, equity and convertible debt to fully fund Northstar’s proposed Phase 1 Expansion Program in Calgary, Toronto and the Pacific Northwest, USA;
- Alignment with Renewable U as a long-term partner through the granting of a nomination right to Renewable U for the appointment of a nominee to Northstar’s Board of Directors and proforma equity ownership of 16.4% of Northstar on a partially diluted basis.
- Efficient capital provision with no interest payable on each \$12 million debt facility and no transaction fees payable;
- Engaging Calgary-based financing partner with cleantech and renewables industry experience and an extensive industry network;
- Long-term partnership and provides benefit of a three-facility structure that avoids time-consuming financing endeavours on an individual Facility basis;
- Northstar to retain full management for the partnership leading engineering, procurement, construction, operation and ongoing optimization of each Facility;
- 7% capital overhead operating fee to Northstar for management of each Facility; and
- 7% operating fee to Northstar for management of the operation.

Transaction Strategic Rationale for Renewable U:

- A project that will allow Renewable U to contribute its share in protecting the environment by creating a circular economy along with a balanced opportunity of earning positive cash flow from Northstar’s next three green energy facilities.
- A perfect fit into Renewable U’s core vision of investing and supporting projects in untapped first-to-market sectors which pave the way for wider adoption.

- An opportunity to partner with strong management and team (Northstar Clean Technologies) to deliver significant value and returns to Renewable U stakeholders.
- Renewable U to support other projects that are in the same vertical markets as Northstar looking for funding with minimal dilution options.
- A nomination right to Northstar's Board of Directors to ensure constant communication and proper governance in relation to our partnership.

Transaction Summary

The Transaction includes a non-brokered private placement of \$1.95 million (the "**Private Placement**") to Renewable U of up to 4,875,000 Common Shares. The Private Placement to Renewable U will be conducted in tranches over a period of six months from October 2022 to March 2023 at a price equal to the greater of \$0.40 and the market price of the Common Shares, less the maximum allowable discount under the policies of the TSX Venture Exchange ("**TSXV**"). There are no finder's fees payable pursuant to the Private Placement, and all Common Shares issued in the Private Placement are subject to a four month hold period, during which time the securities may not be traded. Accordingly, the parties have agreed to work exclusively towards the execution of the agreements comprising the Transaction on or before November 15, 2022.

The Transaction also includes the issue of up to \$4.8 million in secured convertible debentures (the "**Debenture**") with an interest rate of 6% per annum over three years, convertible into Common Shares at a convertible price as described below, convertible from year 2 until the date of maturity (the "**Maturity Date**") of each Debenture (together with the Private Placement, the "**Security Financing**"). Terms of the Debenture are as follows:

- Three year term;
- Commencing on the date of issuance of each Debenture, interest ("**Interest**") shall accrue on the outstanding balance of the principal amount at the rate of 6% per annum calculated annually, not in advance;
- Interest is payable on either (i) the Maturity Date; or (ii) in the event of conversion prior to the Maturity Date of the entire principal amount, 30 days following the conversion date.
- Until the LPA, USA and the Operating Agreement (as such terms are defined below) with respect to the Empower Calgary Facility (collectively, the "**Empower Calgary Facility Agreements**") are executed, Debentures issued will be at a pre-execution price equal to the market price at close on the last day of trading prior to the date of the sale of the Debentures (the "**Pre-Execution Price**"). These Debentures will be repriced after the Empower Calgary Facility Agreements are executed at a price equal to the greater of \$0.50 per Common Share and the Pre-Execution Price.
- After the Empower Calgary Facility Agreements are executed, any Debentures issued under the Term Sheet will be priced at a price equal to the greater of \$0.50 per Common Share and the market price of the Common Shares on the last day of trading prior to the issuance of each respective Debenture.
- The payment of the Debentures shall be secured by a security interest granted by Northstar in respect of all present and after-acquired personal property of Northstar.

- Northstar will be entitled to force the conversion of the Debentures in the event that the daily VWAP of the Common Shares on the TSXV is greater than \$1.25 per Common Share for 10 consecutive trading days on the TSXV preceding such notice.

The Private Placement also includes the issuance of an aggregate of 4,500,000 non-transferrable Common Share purchase warrants (each, a “**Warrant**”) of the Company to Renewable U, issuable in tranches over a four month period from December 2022 to March 2023, each exercisable into Common Shares at an exercise price of \$0.60 per Common Share for a period of 24 months from the date of issuance of the Warrants. The Warrants will also be subject to an acceleration clause providing for the acceleration of the expiry of the Warrants if, at any time after the date that is four (4) months plus one (1) day after such Warrants are issued, the closing price of the Common Shares on the TSXV equals or exceeds \$1.25 for ten (10) consecutive trading days, in which event Northstar shall have the right to accelerate the expiry date of the Warrants to a date that is thirty (30) days after the earlier of (a) the date upon which Northstar issues a press release announcing the acceleration and (b) the date upon which Northstar delivers a written acceleration notice to the holder, whichever should occur first.

Upon closing of the Private Placement, and assuming the full conversion of the Debentures and the full exercise of the Warrants, Renewable U would, as a result of the Transaction, hold up to an aggregate of 18,975,000 Common Shares. In addition to the 1,875,000 Common Shares issued to Renewable U as part of the Additional Private Placement (as defined below), Renewable U would hold an aggregate of 20,850,000 Common Shares representing approximately 16.4% of Northstar’s issued and outstanding Common Shares on a partially diluted basis.

The net proceeds of the Security Financing will be used for funding development of Northstar’s Empower Calgary Facility, further development of the Northstar’s Empower Pilot Facility in Delta, British Columbia, and for general corporate purposes and working capital.

Additional Private Placement

In addition to the Transaction, Northstar and Renewable U have, further to the Company’s news release dated August 16, 2022, completed its previously announced non-brokered private placement with the issuance of an additional 625,000 Common Shares at a price of \$0.40 per Common Share for gross proceeds of \$250,000 (the “**Additional Private Placement**”). The Additional Private Placement is unconditional and does not depend on the execution of the Empower Calgary Facility Agreements. Renewable U has agreed to a twelve-month hold period, during which time the Common Shares from the Additional Private Placement may not be traded. There are no finder’s fees payable pursuant to the Additional Private Placement. While the Company has received conditional approval of the Additional Private Placement from the TSXV, closing remains subject to final acceptance.

Transaction Description

The Term Sheet sets forth certain understandings between Northstar and Renewable U with respect to the Transaction. Northstar and Renewable U presently intend that, subject to the negotiation, execution and delivery of a set of definitive agreements, satisfactory in all respects to both parties,

and to approval of the Transaction by all corporate actions required by the respective parties. Accordingly, each Facility will be owned by a separate Limited Partnership (“LP”) governed by a limited partnership agreement (a “LPA”), a unanimous shareholders agreement (a “USA”), and an operating agreement (a “Facility Operating Agreement” and, collectively with the LPA and USA, the “Definitive Agreements”). Northstar and Renewable U will provide additional details with respect to each Facility’s Definitive Agreements following their respective execution.

Debt Financing

In addition to the Security Financing, Renewable U has agreed to provide Northstar with up to \$12 million in debt for each Facility, specifically the Empower Calgary Facility, and, as presently intended, both Empower Toronto and Empower PNW (the “Debt Financing”). Renewable U will provide 100% of the capital costs for each Facility up to \$12 million, except to the extent otherwise agreed by the parties (exclusive of any and all government funding or other support, including, without limitation, government grants or government loans, received by Northstar).

Developer Capital Management Fee: Renewable U will pay directly to Northstar a non-refundable and non-recoverable fee, calculated as 7% of all chargeable capital expenditures capped at \$840,000 per Facility.

Operating Management Fee: The Limited Partnership will pay Northstar an Operating Management Fee of 7% of all chargeable operating expenditures capped to the extent that operating expenditures are not greater than 60% of Facility revenues payable quarterly.

Repayment Terms: For each Facility, Renewable U receives Distributable Cash (as defined below) in the amount of 100% of the total Facility capital costs of Renewable U capital commitment to the Facility initially distributed 70% to Renewable U and 30% to an operating subsidiary to be established by Northstar (the “Northstar Operating Subsidiary”) until capital costs are repaid.

Following the repayment of capital costs (the “Renewable U Payout”), the cash flow distribution, will be determined by the level of government funding for each facility as follows:

% of Capital Costs or operating costs funded through Government Support	Northstar Operating Subsidiary	Renewable U
Less than 20%	60%	40%
20% to 40%	65%	35%
40% to 60%	70%	30%
Greater than 60%	75%	25%

Operatorship: Northstar or its nominee will be the operator of each Facility and will be responsible for the construction and operation of each Facility.

Security: Each LP will provide Renewable U, as the creditor of the facility the appropriate security required for the debt financing. This security will lapse once the Renewable U payout period is completed.

Exclusivity: The parties agree to work exclusively toward the completion of the Empower Calgary Facility Agreements until November 15, 2022 (the “**Exclusivity Period**”). Following that date, the parties can mutually extend exclusivity, which will then be in effect until January 31, 2023. Following January 31, 2023, if the Empower Calgary Facility Agreements have not been executed, exclusivity will lapse.

Ongoing Funding Support

- In connection with the Transaction, Renewable U will subscribe to a \$1M Debenture, payable on or before October 31, 2022.
- Should the parties extend exclusivity, but not yet have reached execution of the Empower Calgary Facility Agreements, Renewable U will subscribe to a further \$1M Debenture, payable on or before November 30, 2022 and a further a \$1M Debenture of Northstar, payable on or before December 31, 2022.

Break Fee

- If Renewable U decides to enter an alternative transaction and not enter into the binding agreements for the Empower Calgary Facility, then Renewable U will pay \$1 million to Northstar payable by October 31, 2022.
- If Northstar decides to enter an alternative transaction and not enter into the binding agreements for the Empower Calgary Facility then Northstar will pay Renewable U a break fee of:
 - \$1 million if the break is carried out by October 31, 2022.
 - \$1.25 million if the break is carried out by November 30, 2022.
 - \$1.5 million if the break is carried out by December 31, 2022
 - \$2 million if the break is carried out payable by January 31, 2023.
- Any break fee is to be payable in cash only.

Early Termination Options: Throughout the term of the Definitive Agreements, as applicable, Northstar shall have the option of acquiring Renewable U’s interest(s) in a Facility at a price:

- (i) For Operating Facilities: Should 100% of the Distributable Cash before tax from each Facility exceed \$6 million annually, or Northstar be subject to a change of control, the price will be:
 - After Renewable U Payout, of the estimated EBITDA of the forward twelve months of operation of the Facility times ten (10), times the percentage of Renewable U Distributable Cash per Facility.
 - Prior to Renewable U Payout, of the outstanding amount owing to meet Renewable U Payout plus the estimated management case EBITDA for the first full year of operation times ten (10), times the percentage of Renewable U Distributable Cash per Facility.

Distributable Cash for a Facility is defined as Facility EBITDA for the applicable quarter, less, for such quarter, interest on government loans, less principal on government loans, less maintenance capital requirements, less current and future projected working capital requirements calculated.

- (ii) For Non-Operating Facilities: If Northstar is subject to a change of control, price will be:
- If a change of control of Northstar occurs during the construction of a Facility, equal to Renewable U's costs, at the date of the change in control event plus an early termination fee of \$1 million (the "**Early Termination Fee**").
 - If a change of control of Northstar occurs after execution of a Facility's Definitive Agreements but before Renewable U has commenced funding of such Facility, or prior to the execution of Definitive Agreements for any of the Facilities a fee equal to the Early Termination Fee.

Partnership Interest Sale

- Each party will have a mutual right of first opportunity to allow the purchase of the other party's partnership interest in a Facility, on a Facility-by-Facility basis, if the other partner decides to sell any or all of its partnership interest in an individual Facility.
- Each party will have the right of approval, not to be unreasonably withheld, of any purchaser of any and all of the other party's partnership interest.

Conditions Precedent: The conditions precedent include the following:

- Appraisal of market value of real property and "as built" facility
- Lab results of liquid asphalt, fiber, aggregate
- Off-take agreement for 100% of liquid asphalt from Empower Calgary Facility
- Third party engineering report
- Licensing of intellectual property
- One Board Member to be nominated by Renewable U to Northstar's Board of Directors

Conclusion of Strategic Financing Process and Special Committee

The announcement of the Transaction concludes Northstar's previously announced wide engagement of potential financing partners for its proposed Phase 1 Expansion Program. Indicative term sheets were sought for provision of both corporate and project debt, corporate and project equity, and a variety of other strategic alternative financing methods, including royalties, streaming and other financing methods.

Northstar's Board of Directors (the "**Northstar Board of Directors**") formed a special committee (the "**Special Committee**") consisting of independent members of the Board of Directors, to consider the proposed available financing options available to Northstar. The Special Committee met separately from the full Northstar Board of Directors. After careful consideration, the Special Committee unanimously recommended that Northstar approve the terms of the Transaction. The Board of Directors concluded that this transaction with Renewable U was the best alternative and voted unanimously to support this transaction.

Required Approvals and Timing

The transactions described herein are subject to the negotiation and execution of formal, binding, agreements and review and approval by the TSXV. The parties intend to enter into the Empower Calgary Facility Agreements on or before November 15, 2022, after satisfaction of all applicable conditions precedent set out in this Term Sheet and as otherwise agreed by the parties.

Legal Counsel

Clark Wilson LLP is acting as legal counsel for Northstar, and DLA Piper LLP is acting legal counsel for Renewable U.

Conference Call

Northstar will host a conference call on Tuesday October 11, 2022 at 1:00pm PST / 4:00pm EST to discuss highlights of the Transaction. Call and webcast details are outlined below:

https://us06web.zoom.us/webinar/register/9016497132073/WN_eOzibFIRQImikUD3SuFa1A

About Northstar

Northstar Clean Technologies Inc. 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 usage in new hot mix asphalt, shingle manufacturing and asphalt flat roof systems, and aggregate and fiber for usage 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 both its Empower Pilot Facility in Delta, British Columbia and its first commercial scale up facility in Calgary, Alberta. 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.

For further information about Northstar, please visit www.northstarcleantech.com.

About Renewable U

Renewable U is a private corporation focused on funding ESG projects that will help preserve our world for future generations. Renewable U is strongly focused on participating in first-to-market projects that involve advancing innovation in the renewable energy and green technology sectors. Renewable U has exclusive territorial rights to projects across North America and are evaluating

other additional investment opportunities. Renewable U's mission is to build diversified revenue streams across multiple vertical markets within the renewable energy and technology sectors. For further information about Renewable U, please visit www.renewableu.ca.

On Behalf of the Northstar Board of Directors,

Aidan Mills

President & CEO, Director

On Behalf of the Renewable U Board of Directors,

Raphael Bohlmann

CEO & Director

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Cautionary Statement on Forward-Looking Information

Neither the TSXV nor its Regulation Services Provider (as that term is defined in the policies of the TSXV) accepts responsibility for the adequacy or accuracy of this release. The TSXV has neither approved nor disapproved the contents of this press release.

This press release may contain forward-looking information within the meaning of applicable securities legislation, which forward-looking information reflects the Company's current expectations regarding future events. Forward-looking statements are often identified by the words "may", "would", "could", "should", "will", "intend", "plan", "anticipate", "believe", "estimate", "expect" or similar expressions. Forward-looking statements in this press release include statements concerning the Transaction as a whole; the Company's and Renewable U's entry into of a set of Definitive Agreements with respect to its proposed Phase 1 Expansion Program, including the Empower Calgary Facility Agreements prior to November 15, 2022; the funding composition, equity or otherwise, of the Transaction and, in connection therewith, the proposed Phase 1 Expansion Program; Renewable U's ability to fund its commitments under any set of Definitive Agreements with respect to its proposed Phase 1 Expansion Program, including the Empower Calgary Facility Agreements; TSXV approval of the of Transaction and, in connection therewith, the closing of the Security Financings as well as any respective Definitive Agreement, as applicable; general statements relating to the proposed Phase 1 Expansion

Program; and the Company's belief that its products can enter the circular economy while diverting waste from landfills, and its projected project economics for its Empower Pilot Facility and Empower Calgary Facility. Forward-looking information is based on a number of assumptions and is subject to a number of risks and uncertainties, many of which are beyond the Company's control, which could cause actual results and events to differ materially from those that are disclosed in or implied by such forward-looking information. Such statements are subject to risks and uncertainties that may cause actual results, performance or developments to differ materially from those contained in the statements, including risks related to factors beyond the control of the Company as well as those risks and uncertainties which are more fully described under the heading "Risk Factors" in the final prospectus of the Company dated June 18, 2021 and in the Company's annual and quarterly management's discussion and analysis and other filings with the Canadian securities regulatory authorities under the Company's profile on SEDAR. The ongoing dispute between the sovereign state of Ukraine and Russia also poses risks that are currently indescribable and immeasurable. No assurance can be given that any of the events anticipated by the forward-looking statements will occur or, if they do occur, what benefits the Company will obtain from them. The Company does not undertake any obligation to update such forward-looking information whether because of new information, future events or otherwise, except as expressly required by applicable law.

Should one or more of these risks or uncertainties materialize, or should assumptions underlying the forward-looking statements prove incorrect, actual results may vary materially from those described herein as intended, planned, anticipated, believed, estimated or expected. Although the Company has attempted to identify important risks, uncertainties and factors which could cause actual results to differ materially, there may be others that cause results not to be as anticipated, estimated or intended and such changes could be material. The Company does not intend, and do not assume any obligation, to update the forward-looking statements except as otherwise required by applicable law.