

KLEEN HY-DRO-GEN INC.

**ANNUAL INFORMATION FORM
FOR THE FISCAL YEAR ENDED DECEMBER 31, 2025**

MARCH 27, 2026

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GENERAL

Reference is made in this annual information form (the “**Annual Information Form**” or “**AIF**”) to the audited annual consolidated financial statements (the “**Annual Financial Statements**”) and management’s discussion and analysis (“**Management’s Discussion and Analysis**”) for Kleen HY-DRO-GEN Inc. (the “**Company**”), for the fiscal years ended December 31, 2024 and December 31, 2025, together with the auditors’ report thereon.

The Annual Financial Statements are available for review on the SEDAR+ website located at www.sedarplus.ca. All financial information in this Annual Information Form is prepared in accordance with International Financial Reporting Standards.

Unless otherwise noted herein, information in this Annual Information Form is presented as at March 27, 2026.

STATEMENT REGARDING FORWARD LOOKING STATEMENTS

Except for statements of historical fact relating to Kleen, certain information contained in this Annual Information Form constitutes “forward-looking information” under Canadian securities legislation. Forward-looking information includes, but is not limited to, statements with respect to

- expectations as to future operations of Kleen, including its future operations, working capital requirements, milestone targets (including the estimated timing and costs thereof) and/or corporate developments from time to time;
- expectations as to the development and application of Kleen's products and services, including the proposed development and commercialization of its green and accessible residential heating solutions based on hydrogen heating solutions, and the anticipated timing and costs thereof;
- Kleen's expected operating costs, general and administrative expenses, costs of services and other costs and expenses;
- Kleen's ability to meet current and future obligations and to generate revenue on a going-forward basis;
- Kleen's ability to obtain services in a timely manner or at all;
- Kleen's ability to obtain financing on acceptable terms or at all;
- the potential benefits of utilizing hydrogen as a residential heating solution, including the ability to develop and commercialize the Company's products as currently anticipated;
- expectations regarding future competitive conditions;
- the volatility of Kleen's share price, including as a result of changes related to the residential heating and hydrogen markets, public perceptions of the safety of hydrogen, liquidity constraints, investor sentiment, and other factors beyond Kleen's control;
- the estimated operational runway of Kleen based on its current working capital and anticipated future general and administrative expenses;

- the expected dividend policies of Kleen; and
- the impact of future regulatory action.

Generally, forward-looking information can be identified by the use of forward-looking terminology such as “plans”, “expects” or “does not expect”, “continue”, “is expected”, “budget”, “scheduled”, “project”, “estimates”, “forecasts”, “intends”, “anticipates” or “does not anticipate”, or “believes”, or variations of such words and phrases or statements that certain actions, events or results “may”, “could”, “should”, “will”, “would”, “might” or “will be taken”, “occur” or “be achieved”. Forward-looking information is inherently subject to known and unknown risks, uncertainties and other factors that may cause the actual results, level of activity, performance or achievements of Kleen to be materially different from those expressed or implied by such forward-looking information, including but not limited to risks related to:

- Kleen may not realize the anticipated benefits of its products under development and/or future investments, acquisitions and/or divestitures;
- Kleen's use of proprietary and non-proprietary software, data and intellectual property may be subject to substantial risk;
- Kleen may be unable to attract consumers and as a result its business, results of operations, financial condition, and future prospects would be materially and adversely affected;
- failure of Kleen to secure financing on terms acceptable to it or at all;
- real or perceived software errors, failures, bugs, defects, or outages could adversely affect Kleen's business, results of operations, financial condition, and future prospects;
- Kleen's ability to protect its confidential, proprietary, or sensitive information, including the confidential information of its customers, may be adversely affected by cyber-attacks, employee or other internal misconduct, computer viruses, physical or electronic break-ins, or similar disruptions;
- misconduct and errors by employees, vendors, and service providers could harm Kleen's business and reputation;
- litigation, regulatory actions, and compliance issues could subject Kleen to fines, penalties, judgments, remediation costs, and requirements resulting in increased expenses;
- changes in market interest rates and anticipated general and administrative costs could have an adverse effect on Kleen's business;
- the requirements of being a public company may strain Kleen's resources, divert management's attention and affect its ability to attract and retain executive management and qualified board members;
- an active public market for the Class B Shares (as defined herein) may not be established or maintained;

- any inaccuracy or material omission in the information about, or relating to, Kleen in its public disclosure record could result in unanticipated liabilities or increased expenses for Kleen, or otherwise adversely affect the operational plans of Kleen and its results of operations and financial condition;
- Kleen has a limited history of operations and is in the early stage of development;
- the establishment of hydrogen as a safe and effective fuel source and the availability of hydrogen on a cost-effective basis;
- the receipt by Kleen of all required permits and other applicable regulatory approvals on a timely basis;
- currency rate and global financial condition risks;
- risks related to the growth of the green energy sector and general acceptance of hydrogen as a fuel source;
- operating and insurance risks;
- environmental risks;
- risks related to the availability of infrastructure required for the development and commercialization of Kleen's product offerings; and
- general health and safety risks.

Forward-looking information is based on the reasonable assumptions, estimates, analyses and opinions of management made in light of its experience and its perception of trends, current conditions and expected developments, as well as other factors that management believes to be relevant and reasonable in the circumstances at the date that such statements are made. In addition to other factors and assumptions which may be identified herein, assumptions have been made regarding, among other things:

- success of the product development endeavors and operations of Kleen in accordance with management's current expectations;
- legislative and regulatory environments of the jurisdictions where Kleen currently and/or will carry on business or have operations;
- impact of competition and the competitive response to Kleen's business strategy;
- timing and amount of Kleen's capital and other expenditures;
- future market and applications for hydrogen as a fuel source;
- the cost of hydrogen and other raw materials required by Kleen and the economy generally; and
- ability of Kleen to obtain additional financing, if and as needed, on satisfactory terms or at all.

Although management of the Company has attempted to identify important factors that could cause actual results to differ materially from those contained in forward-looking information, there may be other factors that cause results not to be as anticipated, estimated or intended. There can be no assurance that such statements will prove to be accurate, as actual results and future events could differ materially from those anticipated in such statements. Accordingly, readers should not place undue reliance on forward-looking information. The Company does not undertake to update any forward-looking information, except in accordance with applicable securities laws.

CORPORATE STRUCTURE

Name, Address and Incorporation

The Company was incorporated as "Pro Minerals Inc." under the *Business Corporations Act* (British Columbia) (the "**BCBCA**") on April 21, 2006. The Company was subsequently dissolved effective October 5, 2015, and was reinstated as "0755461 BC Ltd." under the BCBCA effective April 19, 2022.

In connection with the closing of a business combination (the "**Transaction**") between the Company and a private Ontario company formerly named Kleen HY-DRO-GEN Inc. ("**Old Kleen**") as further described below: (i) the name of the Company was changed to "Kleen HY-DRO-GEN Inc." (the "**Name Change**"); (ii) the issued and outstanding common shares of the Company were consolidated on the basis of one "new" common share for every 994.8203431 "old" common shares (the "**Consolidation**"); and (iii) the Articles and Notice of Articles of the Company were amended to (I) create a new class of Class A voting shares in the capital of the Company (the "**Class A Shares**"); (II) create a new class of non-voting Class B Shares (the "**Class B Shares**"); (III) exchange each post-Consolidation common share outstanding for one Class B Share; and (IV) cancel the existing class of common shares (collectively, the "**Article Amendment**").

In anticipation of completion of the Transaction, the Company effected a reorganization of its share capital as follows:

- (i) the Company incorporated a wholly-owned subsidiary named 1001271279 Ontario Ltd. ("**Subco**");
- (ii) SubCo issued an aggregate of 130,000 common shares ("**SubCo Shares**") in satisfaction of outstanding indebtedness, an aggregate of 900,000 SubCo Shares in satisfaction of certain finder fees and an aggregate of 2,809,447 SubCo Shares in satisfaction of cancellation of convertible debentures in the aggregate amount of \$55,930 at a conversion price of \$0.01990795 per share; and
- (iii) Subco and a wholly-owned subsidiary of the Company amalgamated pursuant to a three-cornered amalgamation and the holders of SubCo Shares exchanged their SubCo Shares for post-Consolidation common shares of the Company on a one-for-one basis.

Subsequently, on July 10, 2025, the Transaction was completed pursuant to which:

- (i) Subco amalgamated with Old Kleen to continue as an amalgamated entity ("**Amalco**");
- (ii) the Company became the legal and beneficial owner of 100% of the issued and outstanding Class A voting shares ("**Old Kleen Class A Shares**") and Class B non-voting shares ("**Old Kleen Class B Shares**") in the capital of Old Kleen; and
- (iii) the former shareholders of Old Kleen received one Class A Share and one Class B Share for each one Old Kleen Class A Share and each one Old Kleen Class B Share held, respectively.

Effective upon completion of the Transaction, the Company commenced operation of the business of Old Kleen, being the development of green and accessible residential heating solutions based on hydrogen

heating solutions. The Class B Shares were listed on the Canadian Securities Exchange (the "CSE") on September 9, 2025 following the completion of the Transaction under the symbol "KLN".

The registered office of the Company is located at 833 Seymour St., Suite 3606, Vancouver, British Columbia, V6B 0G4, and its head office is located at 253-1885 Clements Road, Pickering, Ontario, L1W 3V4.

The Company is a reporting issuer under applicable securities legislation in each of the provinces of British Columbia, Alberta, Ontario and Quebec.

The Company has one subsidiary, Amalco, which exists under the laws of Ontario. References to "Kleen" in this AIF refer to the Company and its subsidiary, taken as a whole.

GENERAL DEVELOPMENT OF THE BUSINESS

Summary

Prior to the completion of the Transaction, the Company was engaged in mineral exploration and development until 2013. The assets of the Company were written off in 2013, and certain of its liabilities were reclassified as statute barred in 2016. Accordingly, the Company was dormant from 2013 to 2023 with no assets or operations. Effective upon completion of the Transaction, the Company commenced operation of the business of Old Kleen, being the development of green and accessible residential heating solutions based on hydrogen heating solutions. The Company believes that its products will become a new standard and set an industry benchmark in a hydrogen heating industry.

As a heating fuel, hydrogen is a cleaner-burning molecule that can be a substitute for the combustion of fossil fuels in applications where high-grade heat is needed and where electric heating is not the best option. Following completion of the Transaction, the Company's business is focused upon the development and provision of green and accessible residential heating solutions while increasing awareness about the opportunities and safety of hydrogen within the general public, as well as within industry and government.

Three Year History

Development of KLEENHEAT™

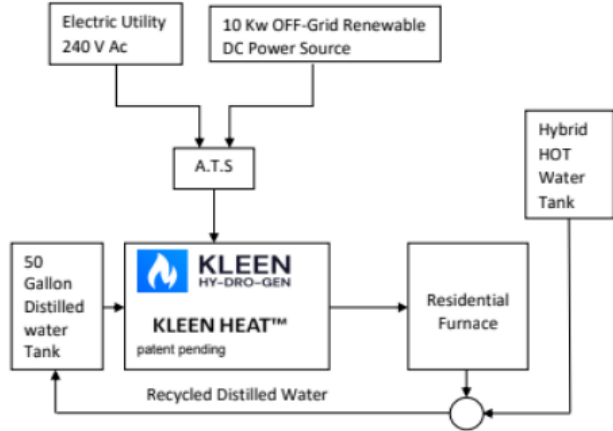
Over the course of the past three years, Old Kleen has been focused on the development of its KLEENHEAT™ hydrogen furnace system which uses a heating method that produces a hydrogen and oxygen gas mixture using water electrolysis. This on-demand gas production requires zero storage and produces recycled water as a by-product that is fed back to the system. With this approach, there is no production of any greenhouse gas ("GHG") emissions. As a result of its lower operational power requirements, the KLEENHEAT™ system can be used in conjunction with numerous green energy sources, such as wind, solar and other off-grid green sources. It also seamlessly integrates with either forced-air heating or central heating systems.

The product specifications of the KLEENHEAT™ system are set forth below:

Product Specification

2. Technical Parameters

Main Power / Supply Voltage	Two-phase 240 V Ac
Grid-Tie Rated Power	7.5 Kw/hr
Off-Grid Rated Power	5.4 Kw/hr
Maximum Working Pressure	0.2 mpa
Maximum Water Consumption	1.0 L/hr
Gas Production	0 : 0005 m ³ /s
Water supply	Automatic distilled water feed
Electrolyte Solution / weight	(25% KOH) / 23 Kg
Unit Net Weight	250 Kg
Unit Dimensions / size (L*W*H)	(26.5*41*40) inch
Kleen H2 Burner Manifold assembly	Custom retrofit to replace existing furnace manifold
Electrical & Electronic Control unit	One unit
PTFE ¼" Hydrogen lines	Custom length
½" water supply line	Custom length
50 Gallon water tank	(19*36*19) inch
Hydrogen Gas Flash-back safety	Flash-Back Arrestors Pressure / Flow 0.2mpa @ 3.2m ³ /hr



No revenues have been generated from the sale of the KLEENHEAT™ furnace systems over the past three completed years, as such products are still in the development and testing phase. Over the past three years, the development of the KLEENHEAT™ system went through different phases including with respect to the development of aqueous solution level detection sensors with automatic replenishment; temperature controlled copper forced air heat sink and spiral water cooling system; high efficiency water electrolysis hydrogen generator unit; high efficiency AC-DC & DC-DC power supply units; custom hydrogen burners assembly; multi stage flash back safety system; and auto drain filtration system, as well as the building of several prototypes and testing in a house owned by the Chief Executive Officer of Old Kleen. No significant efforts have been focused on sales or marketing of the KLEENHEAT™ product as of yet, pending completion of the final stages of testing and receipt of all relevant certifications.

The Transaction

The Company was dormant from 2013 to 2023 with no assets or operations. Effective September 28, 2023, the Company and Old Kleen entered into a letter agreement (the "**Letter Agreement**") governing the terms and conditions of the Transaction, as subsequently amended December 11, 2023, January 31, 2024, February 29, 2024, October 15, 2024 and December 16, 2024 and as amended and restated as of March 31, 2025.

As consideration for the third amendment to the Letter Agreement dated February 29, 2024, Old Kleen provided a non-interest bearing demand loan to the Company in the principal amount of Cdn\$30,000 (the "**Initial Loan**"), which Initial Loan was repayable upon demand by Old Kleen at any time following the earlier of (i) the completion of Transaction; and (ii) the date upon which the Letter Agreement was terminated by either party in accordance with the terms and conditions thereof. The Initial Loan was forgivable in the event that the Transaction was not completed by an agreed upon termination date, other than in certain specified circumstances. Additionally, as consideration for the fourth amendment to the Letter Agreement dated October 15, 2024, Old Kleen provided a further non-interest bearing demand loan to the Company in the principal amount of Cdn\$15,000 (the "**Additional Loan**"), which was to be used exclusively to fund expenses associated with the proposed Transaction. The Additional Loan was repayable upon demand by Old Kleen at any time following the earlier of (i) the completion of the Transaction; and (ii) the date upon which the proposed Transaction was terminated by either party in accordance with the Letter Agreement. The Additional Loan was forgivable in the event that the

Transaction was not completed by an agreed upon termination date, other than in certain specified circumstances.

As a condition of the completion of the Transaction, Old Kleen completed a private placement (the "**Private Placement**") pursuant to which it issued 4,000,000 units ("**Units**") at a price of C\$1.00 each to raise aggregate gross proceeds of Cdn\$4,000,000. Each Unit consisted of one Old Kleen Class B Share and one share purchase warrant (an "**Old Kleen Warrant**") exercisable to acquire one Old Kleen Class B Share at an exercise price of \$1.00 until December 3, 2029. Upon completion of the Transaction, each Old Kleen Class B Share was exchanged for one Class B Share, and each Old Kleen Warrant was cancelled and replaced by one share purchase warrant of the Company (a "**Warrant**") exercisable to acquire one Class B Share at an exercise price of \$1.00 until December 3, 2029. It is intended that the proceeds raised pursuant to the Private Placement will be used for further development and promotion of Kleen's hydrogen-related technology and products, and for general corporate purposes.

The Transaction was subsequently completed on July 10, 2025, in connection with which the existing officers and directors of the Company resigned and were replaced by nominees of Old Kleen, and the Company adopted the business operations of Old Kleen.

The Class B Shares commenced trading on the CSE on September 9, 2025.

Business Overview

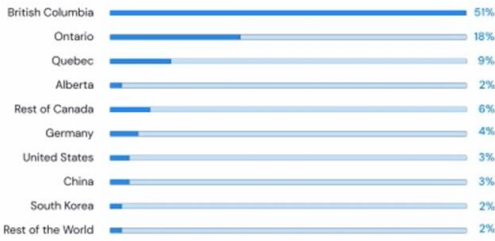
The business of Kleen is focused upon the development and provision of green and accessible on-demand residential hydrogen-based heating solutions while increasing awareness about the opportunities and safety of hydrogen within the general public as well as within industry and government.

Hydrogen as a Fuel

As a heating fuel, hydrogen is a cleaner-burning molecule that can be a substitute for the combustion of fossil fuels in applications where high-grade heat is needed and where electric heating is not the best option.

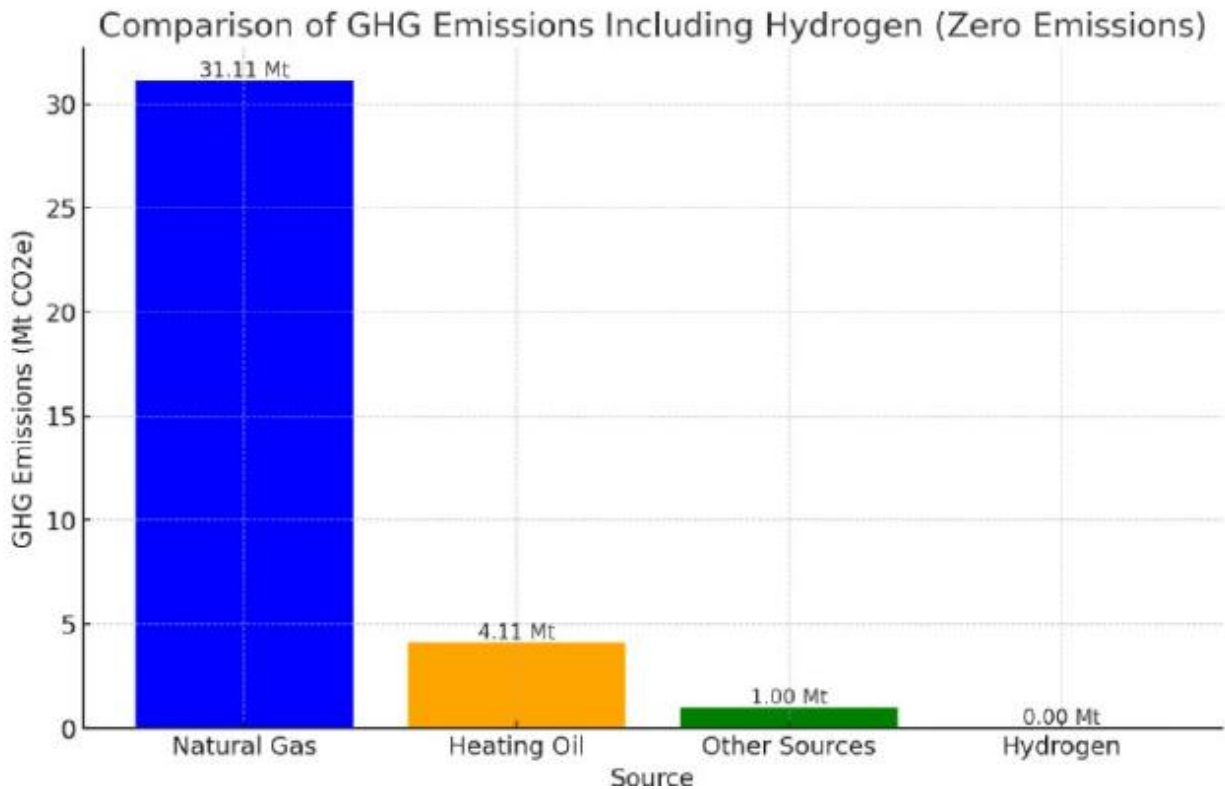
The need for renewable and sustainable green energy has been steadily increasing in recent years, reflected by the following chart evidencing the use of hydrogen and fuel cell facilities by region:

Hydrogen and Fuel Cell Facilities by Region



Source: Office of Energy Efficiency Residential Sector - GHG Emissions - Natural Resources Canada

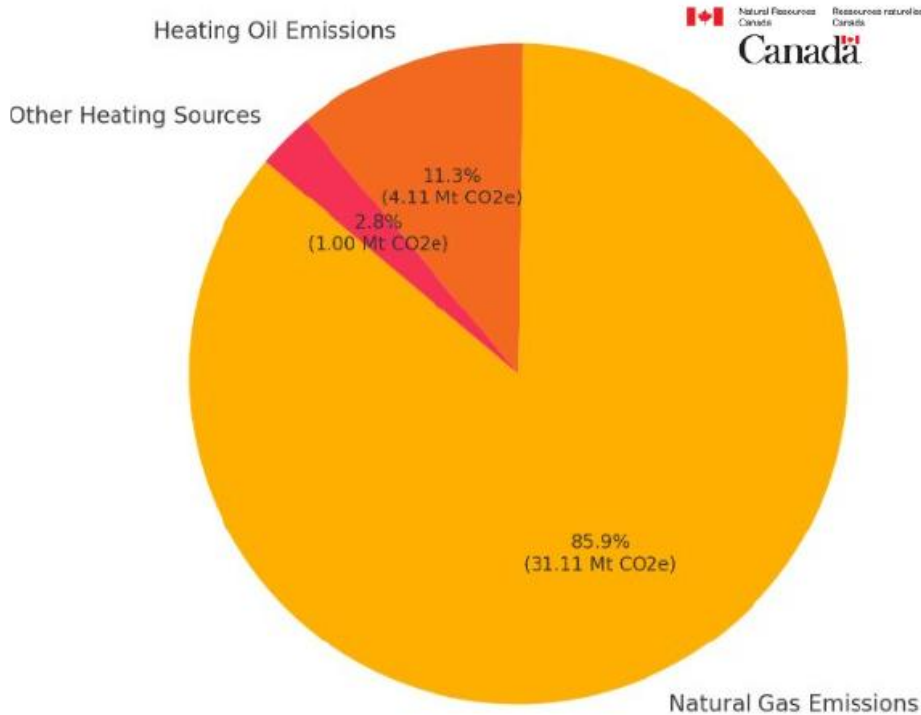
Using hydrogen as heating fuel also allows for a significant decrease in GHG emission compared to traditional other heating solutions, as residential heating comprises approximately 13% of all GHG emissions in Canada (Source: Office of Energy Efficiency Residential Sector - GHG Emissions - Natural Resources Canada 2021), and the Company's heating solutions generate zero GHG emissions.



Source: Office of Energy Efficiency Residential Sector - GHG Emissions - Natural Resources Canada 2021

The use of hydrogen heating solutions is expected to be particularly impactful in Canada, due to the fact that the colder climate results in space and water heating solutions accounting for approximately 80.9% of the energy used in the average Canadian home (Source: Office of Energy Efficiency Residential Sector - GHG Emissions - Natural Resources Canada 2021). Canada is also one of the largest hydrogen producers in the world and the Canadian government has made significant investments in the development of technology and the reduction of emissions.

GHG Emissions by Heating Source in Canadian Homes (2021)



Source: Office of Energy Efficiency Residential Sector - GHG Emissions - Natural Resources Canada 2021

Intellectual Property

Kleen's intellectual property rights are very important to its business. In accordance with industry practice, Kleen protects its proprietary products, technology and competitive advantage through a combination of contractual provisions and trade secrets, patents, copyright and trademark laws in the jurisdictions in which it conducts its business, as applicable. Kleen also utilizes confidentiality agreements, assignment agreements and license agreements with employees and third parties, which limit access to and use of its intellectual property, where appropriate.

Kleen is the registered applicant and owner of (i) PCT/CA2020/051490 (International Publication No. WO 2021/087603), filed November 3, 2020, titled "Process and Apparatus for Combusting Hydrogen"; and (ii) PCT Patent Application No. PCT/CA2023/050604 (International Publication No. WO 2023/212816), filed May 3, 2023, titled "Process and Apparatus for Combusting Hydrogen and Recycling Combustion Products". Each one of Kleen's two patent applications has designated over 120 different countries including, but not limited to, the USA, Canada, Japan, China, Australia and the European Union.

Kleen also has additional patent application pending as follows:

Patent Number / Description	Jurisdiction	Status
US 17/774,694 [SB ref R-054086-3005/91019219] relating to the hydrogen combustion process and furnace	United States	Pending and in good standing
US 18/862,841 [SB ref R-054086-6005/92771700] relating to recycling combustion products	United States	Pending and in good standing
CA 3154714 [SB ref R-054086-3006/91019220] relating to the hydrogen combustion process and furnace	Canada	Pending and in good standing
CA 3257322 [SB ref R-054086-6002/92771685] relating to recycling combustion products	Canada	Pending and in good standing
Application No. 2022-526384 [SB ref R-054086-3010/91019224] relating to the hydrogen combustion process and furnace	Japan	Response to office action filed December 27, 2024
Divisional Application No. 2024-086365 [SB ref R-054086-3010D1/92532410]		Pending and in good standing
Application No. 2020380418 [SB ref R-054086-3007/91019221] relating to the hydrogen combustion process and furnace	Australia	Lapsed
Divisional Application No. 2024201957 [SB ref R-054086-3007D1/92512152]		Pending and in good standing
Divisional Application No. 2024202099 [SB ref R-054086-3007D2/ 92631649]		Pending and in good standing
Application No. 20885579.1 [SB ref R-054086-3009/91019223] relating to the hydrogen combustion process and furnace	Europe	Pending and in good standing
Application No. 62023069962.6 [SB ref R-054086-3012/91019226] relating to the hydrogen combustion process and furnace	Hong Kong	Pending and in good standing
Application No. 2024-565051 [SB ref R-054086-6004/92771695] relating to recycling combustion products	Japan	Pending and in good standing
Application No. 2023264113 [SB ref R-054086-6001/92771680] relating to recycling combustion products	Australia	Pending and in good standing
Application No. 23799074.2 [SB ref R-054086-6003/92771690] relating to recycling combustion products	Europe	Pending and in good standing

Application No. 62025112227.6 [SB ref R-054086-6008/96565889] relating to recycling combustion products	Hong Kong	Pending and in good standing
Application No. 3157699 [SB ref R-054086-3011/91019225] relating to recycling combustion products	Canada	Pending and in good standing

Carbon Credit Trading

Kleen is currently seeking to obtain validations and certifications for carbon credit programs. Personal carbon trading refers to a proposed emissions trading program in which emissions credits are allocated to adult individuals on a generally equal per capita basis within national carbon budgets. Individuals exchange these credits when purchasing fuel or energy. Those individuals who utilize green energy technology, such as the KLEENHEAT™ system will have the opportunity to sell their surplus credits in a carbon credit marketplace.

Business Objectives and Milestones

The Company's principal business objective is to further develop and commercialize the KLEENHEAT™ system over the ensuing 18 months. Set forth below are a series of milestones which the Company will target over the ensuing fiscal year in order to achieve this business objective, together with anticipated timelines and estimated costs.

Milestones/Events	Estimated Timeline	Estimated Cost
<i>Certification of Kleenheat system with TSSA, CSA-UL-CE, European Homologation and Carbon credit validation and verification certificate</i>	<i>6 months to 12 months</i>	\$200,000
<i>Development of marketing and sales force</i>	<i>12 - 18 months</i>	\$500,000
<i>Development of carbon credit software</i>	<i>12 - 18 months</i>	\$150,000

Due to the nature of the green energy business, budgets are regularly reviewed with respect to both the success of the commercialization of new products and other opportunities which may become available to the Company on a going forward basis. Accordingly, as time progresses, the Company may alter its business objectives and/or may focus on other developments or opportunities that may arise from time to time, although the Company has no present plans in this respect.

Specialized Skill and Knowledge

Most aspects of the Company's business require specialized skill and knowledge. Such skills and knowledge include engineering, marketing, finance, accounting, and regulatory compliance. The Company meets its needs for such specialized skills and knowledge through the expertise of its directors, officers, and other service providers.

Competitive Conditions

The Company's business plan leverages the anticipated growing demand for cost savings and clean energy alternatives to promote its hydrogen-based heating system to a broadening residential marketplace. The Company believes it is competitively positioned and while it does not believe that any specific

competitor offers the distinct value proposition and integrated capabilities that it offers, the green energy industry is rapidly changing and highly competitive. However, the Company believes that the KLEENHEAT™ systems have several competitive advantages, particularly due to the fact that the KLEENHEAT™ system produces hydrogen through the use of water electrolysis whereas other hydrogen energy providers require the storage of liquid hydrogen and utilize fuel cells. Accordingly, the Company is not aware of any competitor that uses its hydrogen heating methods which require no storage and generate hydrogen on demand. All of the foregoing information is estimated and based on the Company's knowledge, information, and belief unless otherwise stated.

Operations

Principal Products

KLEENHEAT™ systems use a heating method that produces a hydrogen and oxygen gas mixture using water electrolysis. With this approach, there is no production of any GHG emissions. As a result of its lower operational power requirements, the KLEENHEAT™ system can be used in conjunction with numerous green energy sources, such as wind, solar and other off-grid green sources, and also seamlessly integrates with either forced-air heating or central heating systems.

Subject to the requirements of individual customers, KLEENHEAT™ systems are fully integrated and equipped with manual and/or automatic control modes that regulate temperatures within a control accuracy of +/- 1 degree Celsius. In addition, water, atmosphere pressure and hydrogen production are electronically controlled and can be remotely monitored according to individual client requirements. The product is manufactured from Stainless Steel, Hastelloy and other specialty materials, and will conform with all applicable industry standards & safety regulations.

The KLEENHEAT™ system is expected to be developed over the ensuing 18 months as set forth above under the heading "*Business Objectives and Milestones*". No revenues have been generated by the KLEENHEAT™ system to date.

The principal market which the Company intends to target for commercialization of the KLEENHEAT™ system is the residential housing market (both new developments as well as a retrofit system for existing houses). See also section titled "*Production and Sales*" below.

Production and Sales

The primary business of the Company is the development and sales of the KLEENHEAT™ system.

Industry Overview

In the United States, 59% of residential heating and cooling systems operate on fossil fuels such as oil, gas, or propane (Source: United States 2020 Residential Energy Consumption Survey (RECS)), in respect of which natural gas is by far the most popular – supplying 63 million or 51% of US households. Heating oil and propane are each used in around 4% of households. Despite their widespread use, these sources of energy are problematic.

From an environmental perspective, all three are a significant source of CO₂ emissions. Although natural gas is still a fossil fuel, it is preferable because it is up to 40% cleaner than heating oil or propane (Source: US Environmental Protection Agency). It also produces fewer harmful pollutants, such as sulfur dioxide and particulate matter. The environmental footprint of oil, gas, and propane extends beyond their

combustion in homes. The entire lifecycle of these fuels – from drilling and extraction to refining and transportation – incurs significant ecological and energy costs.

The issues with gas and oil extend into two other pressing areas – safety and price volatility. Explosions and oil leaks put consumers and the environment at risk. Meanwhile, geopolitical tensions and fluctuating demand contribute to unpredictable fuel prices, making it difficult for businesses to plan and for consumers to manage their budgets.

The heating, ventilation and air conditioning ("HVAC") industry has turned to electricity as a promising alternative, drawn by its potential to be generated from renewable energy sources such as solar, wind, hydroelectric, and geothermal power. This is theoretically sound, offering a path to greener operations, but the practical implementation of electric HVAC systems is complicated. While electric boilers do not emit greenhouse gases at the point of use, the production of electricity in fossil fuel-powered plants does. The overall environmental friendliness of electric heating significantly depends on the mix of energy sources used to generate electricity. As of 2022, 60% of electricity generation is still created through fossil fuels. In addition, shifting from traditional oil or gas heating to an electric HVAC setup involves a complete system replacement, not just a simple retrofit. Beyond the immediate costs of system replacement, there are broader infrastructure concerns. Many buildings, especially older ones, may not have electrical systems that can support the high demand of electric heating. Upgrading these systems to handle increased electrical loads adds complexity and expense.

It is within this broader context that hydrogen is beginning to gain recognition as an eco-friendly choice for heating and cooling. Its unique attributes and compatibility with existing infrastructure present a different set of advantages and challenges compared to fully electric solutions. While the future of hydrogen fuel is promising, it is also largely dependent on investment in hydrogen initiatives to bring this technology to maturity. Several countries are conducting pilot projects to test the feasibility and efficiency of hydrogen heating systems in residential and commercial settings, including in the United States and the European Union.

Development

Set forth below is a summary of the key milestones in the developmental history of the KLEENHEAT™ system:

<i>Year</i>	<i>Milestone</i>
2022	<ul style="list-style-type: none">• Development of aqueous solution level detection sensors with automatic replenishment• Development of temperature controlled copper forced air heat sink and spiral water cooling radiator
2023	<ul style="list-style-type: none">• Development of high efficient water electrolysis hydrogen generator units and AC-DC & DC-DC power supply units• Development of Custom Hydrogen burners assembly for manifold
2024	<ul style="list-style-type: none">• Multi-stage flash back safety system for combustion safety• Development of auto drain filtration unit• Several hydrogen generator prototypes built with various production capacities• Development of custom control system and proprietary stoichiometric gas

	combustion ratio <ul style="list-style-type: none">• Completion of complete hydrogen retrofit installation kit including all accessories required for most branded furnaces
2025	<ul style="list-style-type: none">• Modifications to the burner system from a four burner system to a single burner system.

Personnel

The Company has an aggregate of four direct and indirect employees. In addition, the Company relies upon and engages consultants with all requisite skill and knowledge on a contract basis. Management of the Company believes its relationship with its service providers is excellent.

Economic Dependence

The Company is not substantially dependent on any individual contract and has viable alternatives for each of its primary vendors and suppliers.

Government Regulation

The business of Kleen is subject to all applicable government regulation relating to the hydrogen industry in the jurisdictions in which it operates, relating to matters such as design, storage, transportation and installation of hydrogen-related products. To the extent that there are delays in obtaining any applicable regulatory approvals, Kleen's development and growth may be constrained. Furthermore, the inability of potential customers to obtain a permit, or the inconvenience often associated with the permit process, could harm demand for hydrogen-related products and, therefore, harm Kleen's business.

In addition, Kleen's business will suffer if environmental policies change and no longer encourage the development and growth of clean power technologies. There is no guarantee that these laws and regulations will not change. In addition, if current laws and regulations are not kept in force or if further environmental laws and regulations are not adopted, demand for green energy products may be limited. See "*Risk Factors – Government Regulation*" below.

RISK FACTORS

The following discussion summarizes the principal risk factors that apply to Kleen's business and that may have material adverse effects on its business, financial condition and results of operations and/or the trading price of its Class B Shares.

Limited Business History

Kleen has a short history of operations and no history of earnings. The likelihood of success of Kleen must be considered in light of the problems, expenses, difficulties, complications and delays frequently encountered in connection with the establishment of any business. Kleen has limited financial resources and there is no assurance that funding will be available to it when needed. There is also no assurance that Kleen can generate revenues, operate profitably, or provide a return on investment, or that it will successfully implement its plans.

Availability of Hydrogen on Cost-Effective Basis

Kleen's products require oxygen and hydrogen to operate. While ambient air can typically supply the necessary oxygen, its heating systems rely on hydrogen derived from water or from fuels such as natural gas, propane, methanol and other petroleum products. In the event that hydrogen is not available on a cost-effective basis to either Kleen and/or its customers, Kleen's hydrogen-based heating systems may be unable to compete with existing power sources, and its revenues and results of operations would be materially adversely affected. Significant growth in the use of hydrogen-powered devices may require the development of an infrastructure to deliver the hydrogen. There is no guarantee that such an infrastructure will be developed on a timely basis or at all. Even if hydrogen is available for Kleen's products, if its price is such that electricity or power produced by its systems would cost more than electricity provided through other means, Kleen may be unable to compete successfully.

Government Regulations

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In addition, Kleen's business will suffer if environmental policies change and no longer encourage the development and growth of clean power technologies. There is no guarantee that these laws and regulations will not change. In addition, if current laws and regulations are not kept in force or if further environmental laws and regulations are not adopted, demand for green energy products may be limited. The market for green energy-related products is influenced by federal, state and provincial governmental regulations and policies concerning the electric utility industry. Changes in regulatory standards or public policy could deter further investment in the research and development of alternative energy sources, including hydrogen-related products, and could result in a significant reduction in the potential market demand for Kleen's products. Kleen cannot predict how changing government regulation and policies regarding the electric utility industry will affect the market for its products. Although the development of alternative energy sources has been identified as a significant priority by many governments, Kleen cannot be assured that governments will not change their priorities or that any such change would not materially affect its revenues and business. If governments change their laws and regulations such that the development of alternative energy sources is no longer required or encouraged, the demand for alternative energy sources such as hydrogen-fuelled heating systems may be significantly reduced or delayed and Kleen's sales would decline.

No Experience Manufacturing on Large-Scale Basis

Kleen has no experience manufacturing its products on a large scale basis, and if it does not develop adequate manufacturing processes and capabilities to do so in a timely manner, it will be unable to achieve its growth and profitability objectives. Kleen has manufactured most of its products for prototypes and has limited experience manufacturing products on a larger scale. In order to produce certain products at affordable prices, it will have to manufacture a large volume of such products. Kleen does not know when or whether it will be able to develop efficient, low-cost manufacturing capabilities and processes that will enable it to meet the quality, price, engineering, design and production standards or production volumes required to successfully mass market such products. Even if Kleen is successful in developing manufacturing capabilities and processes, it does not know whether it will do so in time to meet its product commercialization schedule or to satisfy the requirements of its customers and the market. Any failure to develop these manufacturing processes and capabilities in a timely manner could prevent Kleen from achieving its growth and profitability objectives.

Risk Factors Related to Products and Technology

Kleen may never complete the development of commercially viable hydrogen-based heating systems, and if it fails to do so, it will not be able to meet its business and growth objectives. Kleen has made commercial sales of its products for a relatively short period of time. Because both Kleen's business and industry are still in the developmental stage, it does not know when or whether it will successfully complete research and development of commercially viable hydrogen-based heading systems. If it does not complete the development of such products, it will be unable to meet its business and growth objectives. Kleen expects to face unforeseen challenges, expenses and difficulties as a developing company seeking to design, develop and manufacture new products in its targeted markets. Kleen's future success also depends upon its ability to effectively market its products once developed.

Product Defects

Kleen's products are complex and must meet the stringent technical requirements of its customers. The software and other components used in its hydrogen-related products may contain undetected defects or errors, especially when first introduced, which could result in the failure of products to perform, damage to Kleen's reputation, delayed or lost revenue, product returns, diverted development resources and increased development, service and warranty costs.

Rapid Technological Advances

Rapid technological advances or the adoption of new codes and standards could impair Kleen's ability to deliver its products in a timely manner and, as a result, its revenues would suffer. Kleen's success depends in large part on its ability to keep our products current and compatible with evolving technologies, codes and standards. Unexpected changes in technology or in codes and standards could disrupt the development of its products and prevent Kleen from meeting deadlines for the delivery of products. If Kleen is unable to keep pace with technological advancements and adapt its products to new codes and standards in a timely manner, its products may become uncompetitive or obsolete and its revenues would suffer.

Intellectual Property Risks

Kleen depends upon intellectual property and its failure to protect that intellectual property could adversely affect its future growth and success. Failure to protect Kleen's intellectual property rights may reduce its ability to prevent others from using its technology. Kleen relies on a combination of patent, trade secret, trademark and copyright laws to protect its intellectual property. Some of its intellectual property is currently not covered by any patent or patent application. Patent protection is subject to complex factual and legal criteria that may give rise to uncertainty as to the validity, scope and enforceability of a particular patent. Accordingly, Kleen cannot be assured that:

- any of the patents owned by Kleen or third party patents licensed to Kleen will not be invalidated, circumvented, challenged, rendered unenforceable, or licensed to others; or
- any of Kleen's future patent applications will be issued with the breadth of protection that it seeks, if at all.

In addition, effective patent, trademark, copyright and trade secret protection may be unavailable, limited, not applied for or unenforceable in foreign countries. Furthermore, although Kleen typically retains sole ownership of the intellectual property it develops, in certain circumstances, Kleen may provide for shared intellectual property rights. As a result, Kleen may be limited or precluded, as the case may be, in the exploitation of such intellectual property rights. Kleen also seeks to protect its proprietary intellectual property through contracts including, when possible, confidentiality agreements and other agreements with customers and employees. Kleen cannot be sure that the parties that enter into such agreements will

not breach them, that the Company will have adequate remedies for any breach or that such persons or institutions will not assert rights to intellectual property arising out of these relationships. If necessary or desirable, Kleen may seek licences under the patents or other intellectual property rights of others. However, Kleen cannot be sure that it will obtain such licences or that the terms of any offered licences will be acceptable to it. Kleen's failure to obtain a license from a third party for intellectual property that it uses in the future could cause it to incur substantial liabilities and to suspend the manufacture and shipment of products or use of processes that exploit such intellectual property.

Flammable Nature of Hydrogen

Kleen's products use flammable fuels that are inherently dangerous substances and could subject it to product liabilities. Kleen's financial results could be materially impacted by accidents involving either its products or those of other hydrogen-based product manufacturers, either because the Company faces claims for damages or because of the potential negative impact on demand for hydrogen-based products. Kleen's products use hydrogen, which is typically generated from gaseous and liquid fuels such as propane, natural gas or methanol in a process known as reforming. While Kleen's products do not use these fuels in a combustion process, natural gas, propane and other hydrocarbons are flammable fuels that could leak and then combust if ignited by another source. In addition, Kleen may be named in product liability claims even if there is no evidence that its systems or components caused the accidents. Product liability claims could result in significant losses from expenses incurred in defending claims or the award of damages. Since Kleen's products have not yet gained widespread market acceptance, any accidents involving its systems, those of other hydrogen-related products or those used to produce hydrogen could materially impede acceptance of Kleen's products. In addition, Kleen may be held responsible for damages beyond the scope of its insurance coverage (if any).

Additional Financing and Dilution

The Company expects to require additional funds to further its proposed activities in commercializing and marketing its products and technology. To obtain such funds, the Company may sell additional securities including, but not limited to, Class B Shares and/or some form of convertible security, the effect of which would result in a substantial dilution of the equity interests of the Company's shareholders. The Company has limited financial resources and provides no assurance that it will obtain additional funding for future acquisitions and development of projects or to fulfill its obligations under applicable agreements. The Company provides no assurance that it will be able to obtain adequate financing in the future or that the terms of such financing will be favourable. Failure to obtain such additional financing could result in delay or indefinite postponement of further development of its products and services. Further, revenues, financings and profits, if any, will depend upon various factors, including the success, if any, of Kleen's technology and general market conditions for its products and services. Kleen provides no assurance that it can operate profitably or that it will successfully implement its plans for its further development and operations.

Dual Class Share Structure

The Company's dual class structure has the effect of concentrating voting control and the ability to influence corporate matters with those shareholders. Class A Shares have one vote per share and Class B Shares have no votes per share. As of the date of this AIF, shareholders who hold Class A Shares hold 100% the voting power of the Company's outstanding voting shares and therefore full influence over management and affairs and over all matters requiring shareholder approval. The different voting rights could diminish the value of the Class B Shares to the extent that investors or any potential future purchasers of the Class B Shares attribute value to the superior voting or other rights of the Class A Shares. Holders of the Class B Shares will only have a right to vote, as a class, in limited circumstances.

The concentrated voting control of holders of Class A Shares limits the ability of holders of Class B Shares to influence corporate matters and all matters requiring shareholder approval, including the election of directors as well as with respect to decisions regarding amendment of the Company's share capital, creating and issuing additional classes of shares, making significant acquisitions, selling significant assets or parts of its business, merging with other companies and undertaking other significant transactions. As a result, holders of Class A Shares have the ability to influence many matters affecting the Company and actions may be taken that holders of Class B Shares may not view as beneficial. The market price of the Class B Shares could be adversely affected due to the significant influence and voting power of the holders of Class A Shares. Additionally, the full voting interest of holders of Class A Shares may discourage transactions involving a change of control, including transactions in which an investor, as a holder of the Class B Shares, might otherwise receive a premium for the Class B Shares over the then-current market price, or discourage competing proposals if a going private transaction is proposed by one or more holders of Class A Shares.

Each of the Company's directors and officers owes a fiduciary duty to the Company and must act honestly and in good faith with a view to the best interests of Company. However, any director and/or officer that is a shareholder, even a controlling shareholder, is entitled to vote its shares in its own interests, which may not always be in the interests of the Company's shareholders generally. The holders of the Class A Shares may also take actions that other shareholders do not view as beneficial, which may adversely affect the Company's results of operations and financial condition and cause the value of an investment to decline.

The Company Currently Depends on a Single Product

At the date of this AIF, the Company's only material asset is its interest in the KLEENHEAT™ system and related technology. Unless the Company acquires or develops additional assets or projects, the Company is solely dependent upon the success of these assets for its revenue and profits, if any. There is no assurance that the Company will be able to acquire any other assets or projects or that any such acquisition would be approved by the CSE.

Current Global Financial Condition

The Company will be required to raise additional funds in the future for the development of its projects and other activities through the issuance of additional equity or debt. Current financial and economic conditions globally have been subject to increased uncertainties. Access to financing has been negatively affected by these economic uncertainties. These factors may affect the ability of the Company to obtain equity and/or debt financing in the future and, if obtained, influence the terms available to the Company. If these increased levels of volatility and market turmoil continue, the Company may not be able to secure appropriate debt or equity financing. If additional capital is raised by the issuance of shares from the treasury of the Company, shareholders may suffer dilution. Future borrowings by the Company or its

subsidiaries may increase the level of financial and interest rate risk to the Company as it will be required to service future indebtedness.

Revenue Growth

If Kleen is unable to attract new customers or sell products to existing customers, its revenue growth and profitability will be adversely affected. To increase revenue and achieve and maintain profitability, it must regularly add new customers or sell additional solutions to existing customers. Numerous factors, however, may impede its ability to add new customers and sell additional solutions to existing customers, including its inability to convert referrals by its existing network into paying customers, failure to attract and effectively train and motivate sales and marketing personnel, failure to develop relationships with partners or resellers, failure of hydrogen to be accepted as a fuel source generally and/or failure to ensure the effectiveness of marketing programs. In addition, if prospective customers do not perceive Kleen's solutions to be of sufficiently high value and quality, it will not be able to attract the number and types of new customers that it will be seeking.

Sales Cycles

Kleen may encounter long sales cycles, particularly with larger customers, which could have an adverse effect on the amount, timing and predictability of revenue. The length of sales cycles may also vary depending on the type of customer to which it is selling, the product being sold and customer requirements.

Future Expenses and Sales

Kleen may incur substantial sales and marketing and research and development expenses and expend significant management effort during this time, regardless of whether it makes a sale. Many of the risks relating to these matters will be beyond Kleen's control, including:

- customers' budgetary and scheduling constraints;
- the timing of customers' budget cycles and approval processes; and
- general economic conditions.

Kleen's results from operations may vary and depending on the product when it can recognize revenue. Downturns or upturns in new sales will not be immediately reflected in operating results and may be difficult to discern. A significant majority of costs will be expensed as incurred, while revenues are recognized over the life of the customer agreement. As a result, increased growth in the number of customers could result in our recognition of more costs than revenues in the earlier periods of the terms of such agreements.

Quarterly Results May Fluctuate

Kleen's quarterly results of operations may fluctuate. As a result, it may fail to meet or exceed the expectations of investors or securities analysts which could cause its share price to decline. The Company's quarterly revenue and results of operations may fluctuate as a result of a variety of factors, many of which are outside of its control. If its quarterly revenue or results of operations fall below the expectations of investors or securities analysts, the price of the Class B Shares could decline substantially. Fluctuations in the Company's results of operations may be due to a number of factors, including, but not limited to, those listed below:

- demand for and market acceptance of products and/or hydrogen as a fuel source in general;
- the mix of products, and solutions sold during a period;
- Kleen's ability to retain and increase sales to customers and attract new customers;
- the timing of product deployment which determines when the Company can recognize the associated revenue;
- the strength of the economy;
- competition, including entry into the industry by new competitors and new offerings by existing competitors;
- the amount and timing of expenditures related to expanding operations, research and development or introducing new solutions; and
- changes in the payment terms for solutions.

Based on these factors, the margins for Kleen's products may fluctuate from time to time, depending on the customer and the mix of products and services being sold. Due to the foregoing factors, and the other risks discussed herein, investors should not rely on quarter-to-quarter comparisons of the Company's results of operations as an indication of its future performance.

Security of Customer Information

Kleen's operations involve the storage and transmission of potentially confidential information of many of its customers and security breaches could expose it to a risk of loss of this information, litigation, indemnity obligations and other liability. If its security measures are breached as a result of third party action, employee error, malfeasance or otherwise, and, as a result, someone obtains unauthorized access to its customers' data, including personally identifiable information regarding users, damage to the Company's reputation is likely, its business may suffer and it could incur significant liability. Kleen will implement appropriate technical, organizational and physical security measures, including service provider training, back-up systems, monitoring and testing and maintenance of protective systems and contingency plans, to protect and to prevent unauthorized access to confidential information of customers and to reduce the likelihood of disruptions to its systems. Because techniques used to obtain unauthorized access or to sabotage systems change frequently, it may be unable to prevent these techniques or implement adequate preventive measures in time prior to an actual attack. Despite these measures, all of Kleen's information systems, including back-up systems and any third party service provider systems that it will employ, will be vulnerable to damage, interruption, disability or failure due to a variety of reasons, including physical theft, electronic theft, fire, power loss, computer and telecommunication failures or other catastrophic events, as well as from internal and external security breaches, denial of service attacks, viruses, worms and other known or unknown disruptive events. Kleen or its third party service providers may be unable to anticipate, timely identify or appropriately respond to one or more of the rapidly evolving and increasingly sophisticated means by which computer hackers, cyber terrorists and others may attempt to breach its security measures or those of our third party service providers' information systems.

Risks Relating to Revenue

The green energy industry is subject to rapid change. Kleen's ability to attract new customers and increase revenue from existing customers will depend in large part on its ability to effectively develop and market its solutions, to sell into new markets and to further penetrate existing markets. The success of any product depends on several factors, including the timely completion, introduction and market acceptance of the product and hydrogen as a fuel generally. Any new product that Kleen develops or acquires may not be introduced in a timely or cost-effective manner and may not achieve the broad market acceptance necessary to generate significant revenue. Any new markets into which Kleen attempts to sell its products, including new countries or regions, may not be receptive. If Kleen is unable to successfully develop or acquire new products, enhance existing products or services to meet customer requirements, sell products and services into new markets or sell products and services to additional customers in existing markets, its revenue will not grow as expected. Moreover, Kleen will frequently be required to enhance and update its product and services as a result of changing standards and technological developments, which makes it difficult to recover the cost of development and will force Kleen to continually qualify new features with customers.

Rapid Technological Developments

The industry in which Kleen operates is evolving at a rapid pace. Its ability to attract new customers and increase revenue from customers will depend in significant part on its ability to anticipate industry changes and to continue to enhance solutions or introduce or acquire new solutions on a timely basis to keep pace with technological developments. The success of new solution depends on several factors, including the timely completion and market acceptance of the enhancement or new solution. Any new solution Kleen develops or acquires might not be introduced in a timely or cost-effective manner and might not achieve the broad market acceptance necessary to generate significant revenue.

General Economic Downturns

Downturns in general economic and market conditions and reductions in spending may reduce demand for Kleen's solutions, which could negatively affect its revenue, results of operations and cash flows. Recent events in the financial markets have demonstrated that businesses and industries throughout the world are very tightly connected to each other. Thus, financial developments seemingly unrelated to the Company or to its industry may materially adversely affect the Company over the course of time. Volatility in the market price of the Class B Shares due to seemingly unrelated financial developments could hurt the Company's ability to raise capital for the financing of development or other reasons. Any of these events, or any other events caused by turmoil in world financial markets, may have a material adverse effect on the Company's business, operating results, and financial conditions.

Competition

The markets in which the Company participates are competitive, and its failure to compete successfully would make it difficult for Kleen to add and retain customers and would reduce or impede the growth of its business. The hydrogen fuel industry is still awaiting mass adoption and as acceptance increases, more competitors may emerge and offer solutions that may impede on Kleen's continued growth.

There is potential that Kleen will face intense competition from other companies, some of which can be expected to have longer operating histories and more financial resources and manufacturing and marketing experience than Kleen. Increased competition by larger and better financed competitors could materially and adversely affect the business, financial condition, and results of operations of Kleen. Because of the early stage of the industry in which Kleen operates, Kleen expects to face additional competition from new entrants.

Kleen expects that competition will become more intense, as current and future competitors begin to offer an increasing number of diversified products. To remain competitive, Kleen will require a continued high level of investment in research and development, marketing, sales, and client support. Kleen may not have sufficient resources to maintain research and development, marketing, sales, and client support efforts on a competitive basis which could materially and adversely affect the business, financial condition, and results of operations of Kleen.

Unfavourable Publicity or Consumer Perception

Kleen believes its industry can be highly dependent upon consumer perception. Consumer perception of Kleen and its technology can be significantly influenced by research or findings, regulatory investigations, litigation, media attention and other publicity. There can be no assurance that future research, findings, regulatory proceedings, litigation, media attention or other research findings or publicity will be favourable to Kleen or any of its technology, or consistent with earlier publicity. Future research reports, findings, regulatory proceedings, litigation, media attention or other publicity that are perceived as less favourable than, or that question, earlier research reports, findings or publicity could have a material adverse effect on the demand for Kleen's products and the business, results of operations, financial condition and cash flows of Kleen. Kleen's dependence upon consumer perceptions means that adverse research reports, findings, regulatory proceedings, litigation, media attention or other publicity, whether or not accurate or with merit, could have a material adverse effect on Kleen, the demand for products, and the business, results of operations, financial condition and cash flows of the Company.

Development and Growth

Kleen's growth will be dependent upon the development of its research and development, engineering, manufacturing, operating, sales and marketing, customer service and management personnel. Kleen's ability to achieve significant growth in revenue in the future will depend, in large part, on its success in recruiting, training and retaining a sufficient number of the foregoing personnel. New personnel require significant training. If Kleen is unable to hire and develop sufficient numbers of productive personnel, development and sales of its products will suffer and its growth will be impeded.

Fluctuations in Anticipated Growth

If Kleen experiences significant fluctuations in its rate of anticipated growth and fails to balance its expenses with its revenue forecasts, its results could be harmed. Kleen operates in a fast-growing environment and needs to react to where it anticipates significant potential demand for its products to seize revenue opportunities. Such anticipation may require Kleen to incur expenses in advance of revenue opportunities resulting in lower than anticipated net income over any period of time.

Third Party Service Providers

Interruptions or delays in the services provided by third party data centers and/or internet service providers could impair the delivery of Kleen's solutions and its business could suffer. In the current business environment of integrated technologies, Kleen will be dependant and/or rely heavily on third party services providers for critical functions such as Internet services. Any delays or down-times from these providers can significantly impact Kleen's operations and ability to complete its deliverables to customers, which may adversely affect revenue.

Research and Development Investments

Kleen may not receive significant revenue as a result of its current research and development efforts. As it invests time, money and efforts into emerging technologies such as hydrogen fuelling solutions and its

application in the real world, there is no guarantee that it will receive significant revenue returns for such investment.

Change in Accounting Treatment

Current and future accounting pronouncements and other financial reporting standards might negatively impact the Company's financial results. The Company will regularly monitor its compliance with financial reporting standards and review new pronouncements and drafts that are relevant to it. Any new standards, changes to existing standards, and changes in their interpretation, may require the Company to change its accounting policies. This could lead to changes revenue recognition among other aspects and could have an adverse effect on the Company's business, financial position and profit.

Future Sales of Class B Shares by Existing Shareholders

Sales of a large number of Class B Shares in the public markets, or the potential for such sales, could decrease the trading price of the Class B Shares and could impair the Company's ability to raise capital through future sales of Class B Shares. The Company has previously issued Class B Shares at an effective price per share which may be lower than the market price at which the Class B Shares may trade in the future. Accordingly, a significant number of shareholders of the Company may have an investment profit in the Class B Shares that they may seek to liquidate from time to time.

Litigation Risk

All industries, including the green energy industry, are subject to legal claims, with and without merit. Defence and settlement costs can be substantial, even with respect to claims that have no merit.

Dependence on Key Individuals

The Company is and will be dependent on a relatively small number of key personnel, particularly Thomas Fairfull, its President and Chief Executive Officer, the loss of any one of whom could have an adverse effect on the Company. At this time, the Company does not maintain key-person insurance on the lives of any of its key personnel. In addition, the Company is highly dependent upon contractors and third parties in the performance of its activities. The Company provides no guarantee that such contractors and third parties will be available to carry out such activities on behalf of the Company or be available upon commercially acceptable terms.

Conflicts of Interest

Some of the directors and officers of the Company are or may in the future be, directors and officers of other companies, some of which may be in the same business as the Company. Some of the Company's directors and officers will continue to pursue the development of other green energy products on their own behalf and on behalf of other companies, and situations may arise where they will be in direct competition with the Company. The Company's directors and officers are required by law to act in the best interests of the Company. They may have the same obligations to the other companies in respect of which they act as directors and officers. Discharge of their obligations to the Company may result in a breach of their obligations to the other companies and, in certain circumstances, this could expose the Company to liability to those companies. Similarly, discharge by the directors and officers of their obligations to the other companies could result in a breach of their obligation to act in the best interests of the Company. Such conflicting legal obligations may expose the Company to liability to others and impair its ability to achieve its business objectives.

Fluctuation in Market Value of Class B Shares

The market price of the Class B Shares, as a publicly traded stock, can be affected by many variables not directly related to the corporate performance of the Company, including the market in which it is traded, the strength of the economy generally, the availability and attractiveness of alternative investments, and the breadth of the public market for the stock. The effect of these and other factors on the market price of Class B Shares in the future cannot be predicted. The lack of an active public market could have a material adverse effect on the price of Class B Shares.

Securities of small-cap companies have experienced substantial volatility in the past, often based on factors unrelated to the financial performance or prospects of the companies involved. These factors include macroeconomic developments in North America and globally and market perceptions of the attractiveness of particular industries. The price of the Class B Shares is also likely to be significantly affected by short-term changes in the green energy and hydrogen industries and the Company's financial condition or results of operations. Other factors unrelated to the Company's performance that may have an effect on the price of the Class B Shares include the following: the extent of analytical coverage available to investors concerning the Company's business may be limited if investment banks with research capabilities do not follow the Company's securities; lessening in trading volume and general market interest in the Company's securities may affect an investor's ability to trade significant numbers of Class B Shares; the size of the Company's public float may limit the ability of some institutions to invest in the Company's securities; and a substantial decline in the price of the Class B Shares that persists for a significant period of time could cause the Company's securities, if listed on an exchange, to be delisted from such exchange, further reducing market liquidity. As a result of any of these factors, the market price of the Class B Shares at any given point in time may not accurately reflect the Company's long-term value. Securities class action litigation often has been brought against companies following periods of volatility in the market price of their securities. The Company may in the future be the target of similar litigation or other litigation concerning operational, employment, title, environmental or other matters of which the Company is not presently aware. Securities litigation could result in substantial costs and damages and divert management's attention and resources.

Management of Growth

The Company's management anticipates and plans to capitalize on rapid growth. Future operating results will depend on management's ability to manage this anticipated growth, hire and retain qualified employees, properly generate revenues and control expenses. A decline in the growth rate of revenues without a corresponding reduction in the growth rate of expenses could have a material adverse effect on the Company's business, results of operations, cash flows and financial condition.

Effectiveness and Efficiency of Advertising and Promotional Expenditures

The future growth and profitability of Kleen will depend on the effectiveness and efficiency of advertising and promotional expenditures, including the ability of Kleen to (i) create greater awareness of its technology and products; (ii) determine the appropriate creative message and media mix for future advertising expenditures; and (iii) effectively manage advertising and promotional costs in order to maintain acceptable operating margins. There can be no assurance that advertising and promotional expenditures will result in revenues in the future or will generate awareness of Kleen's technologies or products. In addition, no assurance can be given that Kleen will be able to manage its advertising and promotional expenditures on a cost-effective basis.

Potential Inability to Protect Technology

Kleen's success will be heavily dependent upon technology. There can be no assurance that the steps taken by Kleen to protect its technology will be adequate to prevent misappropriation or independent third party development of Kleen's technology. It is likely the other companies can duplicate products similar to those of Kleen.

Potential Intellectual Property Claims

Companies in the green energy development industries own large numbers of patents, copyrights, trademarks and trade secrets and frequently enter into litigation based on allegations of infringement or other violations of intellectual property rights. Kleen may be subject to intellectual property rights claims in the future and its technologies may not be able to withstand any third-party claims or rights against their use. Any intellectual property claims, with or without merit, could be time consuming, expensive to litigate or settle and could divert management resources and attention. An adverse determination also could prevent Kleen from offering its products and services to others and may require that it procure substitute products or services for these members. With respect to any intellectual property rights claim, Kleen may have to pay damages or stop using technology found to be in violation of a third party's rights. Kleen may have to seek a license for the technology, which may not be available on reasonable terms and may significantly increase its operating expenses. The technology also may not be available for license to Kleen at all. As a result, Kleen may also be required to develop alternative non-infringing technology, which could require significant effort and expense. If Kleen cannot license or develop technology for the infringing aspects of its business, it may be forced to limit its product and service offerings and may be unable to compete effectively. Any of these results could harm Kleen's brand and prevent it from generating sufficient revenue or achieving profitability.

Uninsured or Uninsurable Risk

Kleen may become subject to liability for risks against which are uninsurable or against which it may opt out of insuring due to the high cost of insurance premiums or other factors. The payment of any such liabilities would reduce the funds available for usual business activities. Payment of liabilities for which insurance is not carried may have a material adverse effect on the Company's financial position and operations.

Dividend Policy

The Company does not presently intend to pay cash dividends in the foreseeable future, as any earnings are expected to be retained for use in developing and expanding its business. However, the actual amount of dividends received from the Company will remain subject to the discretion of its board of directors.

Share Price Volatility Risk

External factors outside of the Company's control such as announcements of quarterly variations in operating results, revenues and costs, and sentiments toward green energy sector stocks may have a significant impact on the market price of the Class B Shares. Global stock markets, including the CSE, have, from time-to-time, experienced extreme price and volume fluctuations that have often been unrelated to the operations of particular companies. The same applies to companies in the green energy sector. There can be no assurance that an active or liquid market will develop or be sustained for the Class B Shares.

No Guarantee of a Positive Return in an Investment

There is no guarantee that an investment in the Class B Shares will earn any positive return in the short term or long term. An investment in the Class B Shares involves a high degree of risk and should be undertaken only by investors whose financial resources are sufficient to enable them to assume such risks and who have no need for immediate liquidity in their investment. An investment in the Class B Shares is appropriate only for investors who have the capacity to absorb a loss of some or all of their investment.

Currency Risk

Currency fluctuations may affect the cash flow which Kleen may realize from its operations, in the event that it generates revenue in a currency which varies from the currency in which it incurs its costs. Kleen's costs are incurred primarily in Canadian dollars.

Public Company Requirements

As a reporting issuer, the Company is subject to the reporting requirements of applicable securities laws of the jurisdictions in which it is a reporting issuer, the listing requirements of the CSE, and other applicable securities rules and regulations. Compliance with those rules and regulations increases the Company's legal and financial costs, make some activities more difficult, time consuming or costly, and increases demand on the Company's systems and resources.

Forward-Looking Information May Prove Inaccurate

Shareholders are cautioned not to place undue reliance on forward-looking information. By its nature, forward-looking information involves numerous assumptions, known and unknown risk and uncertainties, of both a general and specific nature, that could cause actual results to differ materially from those suggested by the forward-looking information or contribute to the possibility that predictions, forecasts or projections will prove to be materially inaccurate.

Readers should carefully consider the risk factors set out in this AIF and consider all other information contained herein before making a decision with respect to an investment in the Class B Shares. If any of the risks described above materialize, the business, financial condition or results of operations of the parties could be materially and adversely affected. Additional risks and uncertainties not currently known to or currently seen as immaterial by management of Kleen may also materially and adversely affect the business, financial condition or results of operations of Kleen.

DIVIDENDS

The Company has never declared or paid cash dividends on the Class B Shares. Any future dividend payment will be made at the discretion of the Board of Directors, and will depend on the Company's financial needs to fund its operations and future growth, and any other factor that the Board of Directors deems necessary to consider in the circumstances.

DESCRIPTION OF CAPITAL STRUCTURE

The Company is authorized to issue an unlimited number of Class A Shares and an unlimited number of Class B Shares, of which 10,000,000 Class A Shares and 89,042,220 Class B Shares are issued and outstanding as fully paid and non-assessable as of the date of this AIF.

Class A Shares are not subject to any future call or assessment and do not have any pre-emptive, conversion or redemption rights, and all have equal voting rights of one vote per Class A Share. There are

no other special rights or restrictions of any nature attached to any of the Class A Shares, all of which rank equally as to all benefits which might accrue to the holders of the Class A Shares. All holders of Class A Shares are entitled to receive a notice of any general meeting of shareholders to be convened by the Company. At any general meeting of the Company, every holder of Class A Voting Shares has one vote for each Class A Share of which he or she is the registered owner. Voting rights may be exercised in person or by proxy. The holders of Class A Shares are entitled to share pro rata in any dividends if, as and when declared by the Board of Directors, on the Class A Shares.

Class B Shares are not subject to any future call or assessment and do not have any pre-emptive, conversion or redemption rights, and have no voting rights. There are no other special rights or restrictions of any nature attached to any of the Class B Shares, all of which rank equally as to all benefits which might accrue to the holders of the Class B Shares. **Holders of Class B Shares are entitled to receive a notice of any general meeting of shareholders to be convened by the Company and to speak thereat, but have no voting rights thereat.** The holders of Class B Shares are entitled to share pro rata in any dividends if, as and when declared by the Board of Directors, on the Class B Shares.

MARKET FOR SECURITIES

The Class B Shares are listed and traded on the CSE under the symbol "KLN". The following table indicates the high and low values and volume with respect to trading activity for the Class B Shares on a monthly basis during the fiscal year ended December 31, 2025.

Month	High	Low	Volume
December 2025	\$0.10	\$0.06	1,812,098
November 2025	\$0.125	\$0.055	3,259,244
October 2025	\$0.125	\$0.08	2,371,886
September 2025 ⁽¹⁾	\$0.50	\$0.09	3,355,358
August 2025	N/A	N/A	N/A
July 2025	N/A	N/A	N/A
June 2025	N/A	N/A	N/A
May 2025	N/A	N/A	N/A
April 2025	N/A	N/A	N/A
March 2025	N/A	N/A	N/A
February 2025	N/A	N/A	N/A
January 2025	N/A	N/A	N/A

(1) Trading in the Class B Shares on the CSE commenced on September 9, 2025.

ESCROWED SECURITIES

To the knowledge of the Company, no Class A Shares or Class B Shares are subject to any escrow or contractual restriction on transfer as of December 31, 2025 other than as set forth below.

Escrow Shares

The following table sets forth a summary of Class B Shares that were deposited into escrow in connection with the listing of the Class B Shares on the CSE, pursuant to an escrow agreement entered into by the Company, the escrow shareholders and the Company's transfer agent, as the escrow agent (the "**Escrow Agreement**").

Name and Position of Escrow Holder	Number of Escrowed Securities	Percentage of Class ⁽¹⁾
Thomas Fairfull	10,000,000 Class A Shares, 19,000,000 Class B Shares ⁽²⁾ , 5,000,000 stock options and 4,000,000 Warrants	100% of Class A Shares, 15.7% of Class B Shares
Ken Hanna	1,000,000 Class B Shares	1.1% of Class B Shares
Jakson Inwentash	200,000 Class B Shares	0.2% of Class B Shares
Colin Carrie	2,000,000 Class B Shares and 2,000,000 stock options	2.2% of Class B Shares
John Yurkovich	5,000,000 Class B Shares and 2,000,000 stock options	5.6% of Class B Shares

(1) Figures calculated based upon 10,000,000 Class A Shares and 89,042,220 Class B Shares issued and outstanding as of the date of listing of the Class B Shares on the CSE.

(2) Inclusive of 5,000,000 Class B Shares held by the spouse of Thomas Fairfull.

Pursuant to the terms of the Escrow Agreement, the Class B Shares held in escrow may be transferred within escrow to an individual who is a director or senior officer of the Company or of a material operating subsidiary of the Company, subject to the approval of the Board of Directors, or to a person or company that before the proposed transfer holds more than 20% of the voting rights attached to the Company's outstanding securities, or to a person or company that after the proposed transfer will hold more than 10% of the voting rights attached to the Company's outstanding securities and that has the right to elect or appoint one or more directors or senior officers of the Company or of any of its material operating subsidiaries.

Pursuant to the terms of the Escrow Agreement, upon the bankruptcy of a holder of escrowed securities, the securities held in escrow may be transferred within escrow to the trustee in bankruptcy or other person legally entitled to such securities. Upon the death of a holder of escrowed securities, all securities of the deceased holder will be released from escrow to the deceased holder's legal representative. The Escrow Agreement also provides that escrowed securities can be transferred within escrow to a financial institution on the realization of escrowed securities pledged, mortgaged or charged by the holder of such escrowed securities to the financial institution as collateral for a loan. Pursuant to the terms of the Escrow Agreement, escrowed securities may also be transferred within escrow to or between registered retirement savings plans, registered retirement income funds or other similar registered plans or funds with a trustee, where the annuitant of such plans or funds, or the beneficiaries of the other registered plan or funds are limited to the holder and his or her spouse, children and parents, or in the case of a trustee of such a registered plan or fund, to the annuitant of the registered plan or fund, or a beneficiary of the registered plan or fund, as applicable, or his or her spouse, children and parents.

Uniform terms of automatic timed-release escrow apply to principals of exchange-listed issuers, differing only according to the classification of the issuer. As the Company has been classified as an "emerging

issuer" for the purposes of National Policy 46-201, the following automatic timed releases apply to the securities held by its principals pursuant to the Escrow Agreement:

Date	% of Escrowed Securities Released
On the date the Class B Shares are listed on the CSE (the " Listing Date ")	1/10 of the escrowed securities
On the date which is 6 month following the Listing Date	1/6 of the remaining escrowed securities
On the date which is 12 month following the Listing Date	1/5 of the remaining escrowed securities
On the date which is 18 month following the Listing Date	1/4 of the remaining escrowed securities
On the date which is 24 month following the Listing Date	1/3 of the remaining escrowed securities
On the date which is 30 month following the Listing Date	1/2 of the remaining escrowed securities
On the date which is 36 month following the Listing Date	The remaining escrowed securities

DIRECTORS AND OFFICERS

The following table sets forth the name and province and country of residence of each director and executive officer of the Company, as well as such individual's position with the Company, principal occupation within the five preceding years and periods of service as a director (if applicable). Each of the directors of the Company will hold office until the next annual meeting of shareholders and until such director's successor is elected and qualified, or until the director's earlier death, resignation or removal. As of December 31, 2025, an aggregate of 10,000,000 Class A Shares (representing 100% of all issued and outstanding Class A Shares at such date) and 27,000,000 Class B Shares (representing approximately 30% of all issued and outstanding Class B Shares as of such date) were beneficially owned or controlled or directed (directly or indirectly) by all of the directors and officers of the Company, as a group.

Name and Municipality of Residence	Position	Principal Occupation Within Five Preceding Years	Director Since
Thomas Fairfull Ontario, Canada	President and Chief Executive Officer	President and Chief Executive Officer of the Company	2025
Alan Myers Ontario, Canada	Chief Financial Officer	President of Mancunian Computer Accounting Inc.	N/A
Ken Hanna ⁽¹⁾⁽²⁾ Ontario, Canada	Director	Senior Litigation Partner at Ridout & Maybee LLP (retired)	2025
Colin Carrie Ontario, Canada	Director	Former Parliamentary Secretary in the portfolios of Industry, Health and Environment, Government of Canada	2025
John Yurkovich ⁽¹⁾⁽²⁾	Director	President and founding Owner/Operator of Electro-Works Ltd.	2025

Ontario, Canada		President and founding Owner/Operator of TC Securities	
Jakson Inwentash ⁽¹⁾⁽²⁾ Ontario, Canada	Director	VP Investments, ThreeD Capital Inc.	2025

(1) Member of the Audit Committee. The Company does not currently have an Executive Committee.

(2) Member of the Compensation Committee.

Thomas Fairfull – Director, President and Chief Executive Officer, Age 76. Mr. Fairfull is an accomplished entrepreneur with an expertise in guiding companies through the process of developing, testing and commercializing products and consulting with companies bringing products to market. Mr. Fairfull previously served as the Chief Executive Officer of the FSD Pharma Inc. (CSE:HUGE), a publicly-listed licensed producer of medical cannabis in Canada. Prior to his role with FSD Pharma Inc., Mr. Fairfull founded Dynacert Inc. (TSXV: DYA), which specialized in on-board clean hydrogen generation technology for use by the trucking industry. He has over ten years of experience in the green energy industry, and was name one of Ontario Business Report's Top 100 Entrepreneurs and a finalist in the 2004 Ernst and Young Entrepreneur of the Year Award. He is the co-inventor of a portable on-demand hydrogen generator in addition to the KLEENHEAT™ system, as well as the inventor of an innovative microwave tire recycling technology. Mr. Fairfull dedicates approximately 50% of his time to the Company and has not entered into a confidentiality or non-competition agreement with the Company.

Alan Myers – Chief Financial Officer, Age 72. Mr. Myers has over 25 years of experience in management and consulting. Mr. Myers is a UK Chartered Accountant with over 30 years of professional and business experience. He operates his own successful consulting practice providing clients with financial services including assistance with raising venture capital, tax consulting, financial systems implementation, and accounting. Mr. Myers also has business experience serving as director of several public company boards. Mr. Myers dedicates approximately 20% of his time to the Company and has not entered into a confidentiality or non-competition agreement with the Company.

Ken Hanna – Director, Age 57. Mr. Hanna has nearly 25 years' experience in matters of intellectual property law and litigation, having served as the Senior Litigation Partner at Ridout & Maybee LLP (the “Firm”) for nearly half of his career. In connection with this role, he has acted as lead counsel in various intellectual property cases in both the Federal and Ontario courts on a variety of intellectual property matters, as well as assisted clients in navigating regulatory frameworks. Mr. Hanna was also a member of his Firm’s Executive for over 6 years, tasked with the preparation and fulfillment of R&M’s strategic plan and day-to-day operations. Mr. Hanna has B.A.’s from the University of Lethbridge and the University of Calgary, as well as an LLB from the University of Windsor. Mr. Hanna dedicates approximately 10% of his time to the Company and has not entered into a confidentiality or non-competition agreement with the Company.

Colin Carrie – Director, Age 62. Dr. Carrie was elected to represent Oshawa in Parliament in 2004. During his tenure, he served as Parliamentary Secretary in the portfolios of Industry, Health and Environment, contributing significantly to projects such as the creation of Rouge National Urban Park—the first national park within a Canadian municipality. Dr. Carrie founded the Conservative Automotive Caucus and has been a staunch advocate for industrial, trade, and regulatory progress. He also addressed critical social issues, introducing Bill C-461 and co-sponsoring Bill S-224 to combat human trafficking and align Canada’s laws with international standards. In addition, Dr. Carrie served on the House of Commons Standing Committees for the Scrutiny of Regulations and the Library of Parliament. Dr. Carrie holds a B.Sc. (Hons) from the University of Waterloo, and is a graduate of the Canadian Memorial

Chiropractic College with a Doctor of Chiropractic designation. Dr. Carrie dedicates approximately 10% of his time to the Company and has not entered into a confidentiality or non-competition agreement with the Company.

John Yurkovich – Director, Age 59. Mr. Yurkovich is the President and founding Owner/Operator of Electro-Works Ltd., established in 1998 and TC Securities, which are reputable electrical and security services companies based in Oshawa, Ontario. In his role as President of each of these companies, Mr. Yurkovich is responsible for all aspects of accounting, bookkeeping and financial reporting. He is also a member of the Board of Trade, contributing to the local business community. Mr. Yurkovich dedicates approximately 10% of his time to the Company and has not entered into a confidentiality or non-competition agreement with the Company.

Jakson Inwentash – Director, Age 30. Mr. Inwentash is a director and VP Investments at ThreeD Capital Inc., a CSE-listed issuer, where he focuses on identifying, researching, and meeting with early stage companies in various disruptive industries. He is also a registered Dealer Representative and has a successful track record of raising capital in industries such as mining, fintech, AI, biotechnology and blockchain. Mr. Inwentash has significant capital markets experience, and is an advisor to and a board member of several private and publicly listed companies. Mr. Inwentash holds a BBA from the University of Miami and has completed his Certified Financial Analyst ("CFA") designation. Mr. Inwentash dedicates approximately 10% of his time to the Company had has not entered into a confidentiality or non-competition agreement with the Company.

Cease Trade Orders or Bankruptcies

Other than as set forth below, no director of the Company or proposed director:

1. is, as at the date hereof, or has been, within 10 years before the date hereof, a director or executive officer of any company that,
 - (a) while that person was acting in that capacity, was the subject of a cease trade or similar order or an order that denied the relevant company access to any exemption under securities legislation (each, an "**Order**"), for a period of more than 30 consecutive days; or
 - (b) was subject to an Order that was issued, after the director or executive officer ceased to be a director or executive officer, in the company being the subject of such Order, that resulted from an event that occurred while that person was acting as a director or executive officer of that company;
2. has, within the 10 years before the date hereof, become bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency, or become subject to or instituted any proceedings, arrangement or compromise with creditors, or had a receiver, receiver manager or trustee appointed to hold the assets of the proposed director;
3. is, as at the date hereof, or has been within 10 years before the date hereof, a director or executive officer of any company that, while that person was acting in that capacity, or within a year of that person ceasing to act in that capacity, became bankrupt, made a proposal under any legislation relating to bankruptcy or insolvency or was subject to or instituted any proceedings, arrangement or compromise with creditors or had a receiver, receiver manager or trustee appointed to hold its assets; or

4. has been subject to:
- (a) any penalties or sanctions imposed by a court relating to Canadian securities legislation or by a Canadian securities regulatory authority or has entered into a settlement agreement with a Canadian securities regulatory authority; or
 - (b) any other penalties or sanctions imposed by a court or regulatory body that would likely be considered important to a reasonable securityholder in deciding whether to vote for a proposed director.

Jakson Inwentash serves as a director of Nirvana Life Sciences Inc. ("**Nirvana**") which is a western Canadian-based life sciences company listed on the CSE. Nirvana was the subject of a cease trade order from September 5, 2024 to December 20, 2024 issued by the British Columbia Securities Commission for the failure to file financial statements.

Committees of the Board of Directors

The Board of Directors discharges its responsibilities directly, as well as indirectly through the Audit Committee and Compensation Committee.

Audit Committee

The mandate of the Audit Committee is formalized in a written charter. The members of the Audit Committee are Messrs. Hanna, Yurkovich and Inwentash. The Audit Committee's primary duties and responsibilities are to serve as an independent and objective party to monitor the Company's financial reporting process and control systems, review and appraise the audit activities of the Company's independent auditors, financial and senior management, and to review the lines of communication among the independent auditors, financial and senior management, and the Board of Directors for financial reporting and control matters. See "Audit Committee Disclosure" below.

Compensation Committee

The members of the Compensation Committee of the Board of Directors are Messrs. Hanna, Yurkovich and Inwentash. The Compensation Committee is responsible for making recommendations to the Board of Directors on all matters relating to the compensation of directors, the members of various other committees of the Board of Directors and all officers of the Company. For this purpose the Compensation Committee reviews all aspects of compensation paid to directors, committee members, management and employees to ensure that the Company's compensation programs are competitive, and that the Company can attract, motivate and retain high calibre individuals.

Conflicts of Interest

In the future, circumstances may arise where officers or members of the Board of Directors of the Company are directors or officers of corporations which are in competition to the interests of the Company. No assurances can be given that opportunities identified by such directors will be provided to the Company. Pursuant to the BCBCA, directors who have an interest in a proposed transaction upon which the Board of Directors is voting are required to disclose their interests and refrain from voting on that transaction. See also "Risk Factors –Conflicts of Interest".

INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS

No director, executive officer or principal shareholder of the Company, or any associate or affiliate of the foregoing, has had any material interest, direct or indirect, in any transaction within the three most

recently completed financial years or during the current financial year prior to the date of this AIF that has materially affected or will materially affect the Company, other than as set forth below.

The Company effected the Transaction on July 10, 2025 pursuant to which (i) each of the current directors and officers of the Company was appointed to their current position with the Company; (ii) all stock options of Old Kleen owned, controlled or directed by all directors, officers and significant shareholders of Old Kleen were exchanged for stock options of the Company; and (iii) all Old Kleen Class A Shares and Old Kleen Class B Shares owned, controlled or directed by all directors, officers and significant shareholders of Old Kleen were exchanged for Class A Shares and Class B Shares, respectively, as follows:

Name and Position	Number/Type of Securities Acquired Upon Completion of Transaction	Percentage of Class ⁽¹⁾
Thomas Fairfull, President, Chief Executive Officer and Director	10,000,000 Class A Shares, 19,000,000 Class B Shares ⁽²⁾ , 5,000,000 stock options and 4,000,000 Warrants	100% of Class A Shares, 15.7% of Class B Shares
Alan Myers, Chief Financial Officer	Nil	Nil
Ken Hanna, Director	1,000,000 Class B Shares	1.1% of Class B Shares
Jakson Inwentash, Director	200,000 Class B Shares	0.2% of Class B Shares
Colin Carrie, Director	2,000,000 Class B Shares and 2,000,000 stock options	2.2% of Class B Shares
John Yurkovich, Director	5,000,000 Class B Shares and 2,000,000 stock options	5.6% of Class B Shares

(1) Figures calculated based upon 10,000,000 Class A Shares and 89,042,220 Class B Shares issued and outstanding as of the closing of the Transaction.

(2) Inclusive of 5,000,000 Class B Shares held by the spouse of Thomas Fairfull.

LEGAL PROCEEDINGS

There are not currently and were not within the most recently completed fiscal year of the Company, any material legal proceedings or regulatory actions to which the Company is or was a party or of which any of the Company's assets or properties are or were subject, nor are any such proceedings or actions currently known by the Company to be contemplated.

TRANSFER AGENT AND REGISTRAR

The Company's transfer agent and registrar is Endeavor Trust Corporation, at its principal offices at 702 777 Hornby St., Vancouver, British Columbia, V6Z 1S4.

MATERIAL CONTRACTS

There are no contracts of the Company other than those entered into in the ordinary course of business, that are material to the Company and that were entered into by the Company within the most recently

completed financial year or were entered into before the most recently completed financial year and which are still in effect, other than as follows:

- (a) the Escrow Agreement; and
- (b) the Letter Agreement.

AUDIT COMMITTEE DISCLOSURE

National Instrument 52-110 - Audit Committees (“**NI 52-110**”) requires the Company to disclose annually in its AIF certain information concerning the constitution of its Audit Committee and its relationship with its independent auditor, as set forth below.

Audit Committee Charter

The Company’s Audit Committee is governed by an Audit Committee charter, the text of which is included in this AIF as Appendix A.

Composition of the Audit Committee

The Audit Committee of the Company is comprised of Ken Hanna, John Yurkovich and Jakson Inwentash, each of whom is independent (as defined in NI 52-110), and financially literate (as defined under National Instrument 52-110).

Relevant Education and Experience

Mr. Hanna has nearly 25 years' experience as a legal advising, including as the Senior Litigation Partner at Ridout & Maybee LLP for nearly half of his career. In connection with this role, he assisted clients in navigating regulatory frameworks. Mr. Hanna was also a member of his Firm’s Executive for over 6 years, in connection with which he oversaw various matters regarding financial reporting and operations. Mr. Hanna has B.A.’s from the University of Lethbridge and the University of Calgary, as well as an LLB from the University of Windsor.

Mr. Yurkovich is the President and founding Owner/Operator of Electro-Works Ltd., established in 1998 and TC Securities, which are reputable electrical and security services companies based in Oshawa, Ontario. In his role as President of each of these companies, Mr. Yurkovich is responsible for all aspects of accounting, bookkeeping and financial reporting. He is also a member of the Board of Trade, contributing to the local business community.

Mr. Inwentash is a director and VP Investments at ThreeD Capital Inc., a CSE-listed issuer, in connection with which he is familiar with financial reporting and accounting matters. He is also a registered Dealer Representative with significant capital markets experience, and is an advisor to and a board member of several private and publicly listed companies. Mr. Inwentash holds a BBA from the University of Miami and has completed his CFA designation.

Pre-Approval Policies and Procedures

The Audit Committee has adopted requirements regarding pre-approval of non-audit services as part of its Audit Committee charter. The Audit Committee may delegate such pre-approval as the Audit Committee may determine and as permitted by applicable securities laws.

External Audit Service Fees

The Audit Committee is responsible for reviewing and approving the compensation of the Company's external auditor of all audit and non-audit services to be provided by the Company's external auditor.

The aggregate fees billed by the Company's external auditor in the last two fiscal years, by category, are as follows:

Nature of Services	Year ended December 31, 2025	Year ended December 31, 2024
Audit Fees ⁽¹⁾	35,000	40,000
Audit-Related Fees ⁽²⁾	15,000	20,000
Tax Fees ⁽³⁾	2,000	4,000
All Other Fees ⁽⁴⁾	12,500	0

Notes:

- (1) "Audit Fees" include the aggregate professional fees billed by the external auditors for the audit of the annual financial statements and other annual regulatory audits and filings.
- (2) "Audit-Related Fees" include the aggregate fees billed by the external auditors for assurance and related services that are reasonably related to the performance of the audit or review of the Company's financial statements and are not disclosed in the "Audit Fees" column. Audit-related fees were for services related to performance of limited procedures performed by the Company's auditors related to the review of interim financial statements.
- (3) "Tax Fees" include the aggregate fees billed for professional services rendered by the external auditors for tax compliance, tax advice and tax planning.
- (4) "All Other Fees" include the aggregate fees billed for products and services provided by the external auditors other than those listed in the other three columns.

Exemption

The Company is relying on the exemption provided by section 6.1 of NI 52-110 which provides that the Company, as a "venture issuer", is not required to comply with Part 5 (*Reporting Obligations*) of NI 52-110.

EXPERTS

DNTW Toronto LLP Chartered Professional Accountants is the independent auditor of the Company. DNTW Toronto LLP Chartered Professional Accountants has confirmed that it is independent of the Company within the meaning of the Rules of Professional Conduct of the Institute of Chartered Accountants of Ontario.

ADDITIONAL INFORMATION

Additional information relating to the Company is available on SEDAR+ at www.sedarplus.ca. Additional information, including information concerning directors' and officers' remuneration and indebtedness, principal holders of the Company's securities and securities authorized for issuance under equity compensation plans, where applicable, will be contained in the management proxy circular of the Company for its next shareholders meeting.

Additional financial information is provided in the Annual Financial Statements and Management's Discussion & Analysis for the financial year ended December 31, 2025, also available on SEDAR+ at www.sedarplus.ca.

APPENDIX A

Charter of the Audit Committee of the Board of Directors of Kleen HY-DRO-GEN Inc.

I. PURPOSE

The Audit Committee (the "**Committee**") will consist of a majority of independent directors and is appointed by the Board of Directors (the "**Board**") of Kleen HY-DRO-GEN Inc. (the "**Corporation**") to assist the Board in fulfilling its oversight responsibilities relating to financial accounting and reporting process and internal controls for the Corporation. The Committee's primary duties and responsibilities are to:

- conduct such reviews and discussions with management and the independent auditors relating to the audit and financial reporting as are deemed appropriate by the Committee;
- assess the integrity of internal controls and financial reporting procedures of the Corporation and ensure implementation of such controls and procedures;
- ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel;
- review the quarterly and annual financial statements and management's discussion and analysis of the Corporation's financial position and operating results and report thereon to the Board for approval of same;
- select and monitor the independence and performance of the Corporation's outside auditors (the "**Independent Auditors**"), including attending at private meetings with the Independent Auditors and reviewing and approving all renewals or dismissals of the Independent Auditors and their remuneration; and
- provide oversight to related party transactions entered into by the Corporation.

The Committee has the authority to conduct any investigation appropriate to its responsibilities, and it may request the Independent Auditors as well as any officer of the Corporation, or outside counsel for the Corporation, to attend a meeting of the Committee or to meet with any members of, or advisors to, the Committee. The Committee shall have unrestricted access to the books and records of the Corporation and has the authority to retain, at the expense of the Corporation, special legal, accounting, or other consultants or experts to assist in the performance of the Committee's duties. The Committee shall review and assess the adequacy of this Charter annually and submit any proposed revisions to the Board for approval. In fulfilling its responsibilities, the Committee will carry out the specific duties set out in Part IV of this Charter.

II. AUTHORITY OF THE AUDIT COMMITTEE

The Committee shall have the authority to:

- (a) engage independent counsel and other advisors as it determines necessary to carry out its duties;
- (b) set and pay the compensation for advisors employed by the Committee; and

- (c) communicate directly with the internal and external auditors.

III. COMPOSITION AND MEETINGS

1. The Committee and its membership shall meet all applicable legal and listing requirements, including, without limitation, those of the Canadian Securities Exchange, applicable corporate law and all applicable securities regulatory authorities.
2. The Committee shall be composed of three or more directors as shall be designated by the Board from time to time. The members of the Committee shall appoint from among themselves a member who shall serve as Chair.
3. Each member of the Committee shall be “financially literate” (as defined by applicable securities laws and regulations).
4. The Committee shall meet at least quarterly, at the discretion of the Chair or a majority of its members, as circumstances dictate or as may be required by applicable legal or listing requirements. A minimum of two of the members of the Committee present either in person or by telephone shall constitute a quorum.
5. If within one hour of the time appointed for a meeting of the Committee, a quorum is not present, the meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the adjourned meeting a quorum as hereinbefore specified is not present within one hour of the time appointed for such adjourned meeting, such meeting shall stand adjourned to the same hour on the second business day following the date of such meeting at the same place. If at the second adjourned meeting a quorum as hereinbefore specified is not present, the quorum for the adjourned meeting shall consist of the members then present.
6. If and whenever a vacancy shall exist, the remaining members of the Committee may exercise all of its powers and responsibilities so long as a quorum remains in office.
7. The time and place at which meetings of the Committee shall be held, and procedures at such meetings, shall be determined from time to time by, the Committee. A meeting of the Committee may be called by letter, telephone, facsimile, email or other communication equipment, by giving at least 48 hours' notice, provided that no notice of a meeting shall be necessary if all of the members are present either in person or by means of conference telephone or if those absent have waived notice or otherwise signified their consent to the holding of such meeting.
8. Any member of the Committee may participate in the meeting of the Committee by means of conference telephone or other communication equipment, and the member participating in a meeting pursuant to this paragraph shall be deemed, for purposes hereof, to be present in person at the meeting.
9. The Committee shall keep minutes of its meetings which shall be submitted to the Board. The Committee may, from time to time, appoint any person who need not be a member, to act as a secretary at any meeting.
10. The Committee may invite such officers, directors and employees of the Corporation and its subsidiaries as it may see fit, from time to time, to attend at meetings of the Committee.
11. The Board may at any time amend or rescind any of the provisions hereof, or cancel them entirely, with or without substitution.

12. Any matters to be determined by the Committee shall be decided by a majority of votes cast at a meeting of the Committee called for such purpose. Actions of the Committee may be taken by an instrument or instruments in writing signed by all of the members of the Committee, and such actions shall be effective as though they had been decided by a majority of votes cast at a meeting of the Committee called for such purpose. All decisions or recommendations of the Audit Committee shall require the approval of the Board prior to implementation.

IV. RESPONSIBILITIES

A. Financial Accounting and Reporting Process and Internal Controls

1. The Committee shall review the annual audited financial statements to satisfy itself that they are presented in accordance with applicable Canadian accounting standards and report thereon to the Board and recommend to the Board whether or not same should be approved prior to their being filed with the appropriate regulatory authorities. The Committee shall also review and approve the interim financial statements. With respect to the annual and interim financial statements, the Committee shall discuss significant issues regarding accounting principles, practices, and judgments of management with management and the Independent Auditors as and when the Committee deems it appropriate to do so. The Committee shall satisfy itself that the information contained in the annual audited financial statements is not significantly erroneous, misleading or incomplete and that the audit function has been effectively carried out.

2. The Committee shall review management's internal control report and the evaluation of such report by the Independent Auditors, together with management's response.

3. The Committee shall review the financial statements, management's discussion and analysis relating to annual and interim financial statements, annual and interim earnings press releases and any other public disclosure documents that are required to be reviewed by the Committee under any applicable laws before the Corporation publicly discloses this information.

4. The Committee shall be satisfied that adequate procedures are in place for the review of the Corporation's public disclosure of financial information extracted or derived from the Corporation's financial statements, other than the public disclosure referred to in subsection IV.A.3, and periodically assess the adequacy of these procedures.

5. The Committee shall meet no less frequently than annually with the Independent Auditors and the Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, to review accounting practices, internal controls and such other matters as the Committee, Chief Financial Officer or, in the absence of a Chief Financial Officer, with the officer of the Corporation in charge of financial matters, deems appropriate.

6. The Committee shall inquire of management and the Independent Auditors about significant risks or exposures, both internal and external, to which the Corporation may be subject, and assess the steps management has taken to minimize such risks.

7. The Committee shall review the post-audit or management letter containing the recommendations of the Independent Auditors and management's response and subsequent follow-up to any identified weaknesses.

8. The Committee shall ensure that there is an appropriate standard of corporate conduct including, if necessary, adopting a corporate code of ethics for senior financial personnel.

9. The Committee shall establish procedures for:
 - (a) the receipt, retention and treatment of complaints received by the Corporation regarding accounting, internal accounting controls or auditing matters; and
 - (b) the confidential, anonymous submission by employees of the Corporation of concerns regarding questionable accounting or auditing matters.
10. The Committee shall provide oversight to related party transactions entered into by the Corporation.

B. Independent Auditors

1. The Committee shall be directly responsible for the selection, appointment, compensation and oversight of the Independent Auditors and the Independent Auditors shall report directly to the Committee.
2. The Committee shall be directly responsible for overseeing the work of the external auditors, including the resolution of disagreements between management and the external auditors regarding financial reporting.
3. The Committee shall pre-approve all audit and non-audit services (including, without limitation, the review of any interim financial statements of the Corporation by the Independent Auditors at the discretion of the Committee) not prohibited by law to be provided by the Independent Auditors.
4. The Committee shall monitor and assess the relationship between management and the Independent Auditors and monitor, confirm, support and assure the independence and objectivity of the Independent Auditors. The Committee shall establish procedures to receive and respond to complaints with respect to accounting, internal accounting controls and auditing matters.
5. The Committee shall review the Independent Auditor's audit plan, including scope, procedures and timing of the audit.
6. The Committee shall review the results of the annual audit with the Independent Auditors, including matters related to the conduct of the audit, and receive and review the auditor's interim review reports.
7. The Committee shall obtain timely reports from the Independent Auditors describing critical accounting policies and practices, alternative treatments of information within applicable Canadian accounting principles that were discussed with management, their ramifications, and the Independent Auditors' preferred treatment and material written communications between the Corporation and the Independent Auditors.
8. The Committee shall review fees paid by the Corporation to the Independent Auditors and other professionals in respect of audit and non-audit services on an annual basis.
9. The Committee shall review and approve the Corporation's hiring policies regarding partners, employees and former partners and employees of the present and former auditors of the Corporation.
10. The Committee shall monitor and assess the relationship between management and the external auditors, and monitor and support the independence and objectivity of the external auditors.

C. *Other Responsibilities*

1. The Committee shall perform any other activities consistent with this Charter and governing law, as the Committee or the Board deems necessary or appropriate.