

FORM 5

QUARTERLY LISTING STATEMENT

Name of Listed Issuer: [Kleen Hy-Dro-Gen Inc](#) (the "Issuer").

Trading Symbol: [KLN](#)

This Quarterly Listing Statement must be posted on or before the day on which the Issuer's unaudited interim financial statements are to be filed under the *Securities Act*, or, if no interim statements are required to be filed for the quarter, within 60 days of the end of the Issuer's first, second and third fiscal quarters. This statement is not intended to replace the Issuer's obligation to separately report material information forthwith upon the information becoming known to management or to post the forms required by the Exchange Policies. If material information became known and was reported during the preceding quarter to which this statement relates, management is encouraged to also make reference in this statement to the material information, the news release date and the posting date on the Exchange website.

General Instructions

- (a) Prepare this Quarterly Listing Statement using the format set out below. The sequence of questions must not be altered nor should questions be omitted or left unanswered. The answers to the following items must be in narrative form. When the answer to any item is negative or not applicable to the Issuer, state it in a sentence. The title to each item must precede the answer.
- (b) The term "Issuer" includes the Listed Issuer and any of its subsidiaries.
- (c) Terms used and not defined in this form are defined or interpreted in Policy 1 – Interpretation and General Provisions.

There are three schedules which must be attached to this report as follows:

SCHEDULE A: FINANCIAL STATEMENTS

Financial statements are required as follows:

For the first, second and third financial quarters interim financial statements prepared in accordance with the requirements under Ontario securities law must be attached.

If the Issuer is exempt from filing certain interim financial statements, give the date of the exempting order.

[For the three months ended March 31, 2026](#)

[Unaudited interim condensed consolidated financial statements of the Issuer for the three months ended March 31, 2026 \(the "Interim Consolidated Statement"\), as filed with securities regulatory authorities, are attached to this Form 5 – Quarterly Listing Statement as Appendix A.](#)

SCHEDULE B: SUPPLEMENTARY INFORMATION

The supplementary information set out below must be provided when not included in Schedule A.

1. Related party transactions

Provide disclosure of all transactions with a Related Person, including those previously disclosed on Form 10. Include in the disclosure the following information about the transactions with Related Persons:

- (a) A description of the relationship between the transacting parties. Be as precise as possible in this description of the relationship. Terms such as affiliate, associate or related company without further clarifying details are not sufficient.
- (b) A description of the transaction(s), including those for which no amount has been recorded.
- (c) The recorded amount of the transactions classified by financial statement category.
- (d) The amounts due to or from Related Persons and the terms and conditions relating thereto.
- (e) Contractual obligations with Related Persons, separate from other contractual obligations.
- (f) Contingencies involving Related Persons, separate from other contingencies.

[Related party transaction details are contained in Note 6 to the notes of the Interim Consolidated Statements, which are attached hereto, Please also refer to the Management's Discussion & Analysis for the three months ended March 31, 2026, as filed with securities regulatory authorities and attached to this Form 5 – Quarterly Listing Statement as Appendix B.](#)

2. Summary of securities issued and options granted during the period.

Provide the following information for the period beginning on the date of the last Listing Statement (Form 2A):

There were no securities issued during the period but 600,000 options were granted from the last listing statement filled and the outstanding securities, and options have been disclosed in the Issuer's interim condensed consolidated financial statements for the three months ended March 31, 2026 in note 5(d) as provided in Appendix A.

(a) summary of securities issued during the period, **NONE**

Date of Issue	Type of Security (common shares, convertible debentures, etc.)	Type of Issue (private placement, public offering, exercise of warrants, etc.)	Number	Price	Total Proceeds	Type of Consideration (cash, property, etc.)	Describe relationship of Person with Issuer (indicate if Related Person)	Commission Paid

(b) summary of options granted during the period,

Date	Number	Name of Optionee if Related Person and relationship	Generic description of other Optionees	Exercise Price	Expiry Date	Market Price on date of Grant
Feb 18, 2026	600,000	Not related	Consultants	\$0.50	February 18, 2028	\$0.05

3. Summary of securities as at the end of the reporting period.

Provide the following information in tabular format as at the end of the reporting period:

- (a) description of authorized share capital including number of shares for each class, dividend rates on preferred shares and whether or not cumulative, redemption and conversion provisions,

As at March 31, 2026, the authorized capital of the Issuer consisted of an unlimited number of Class A common shares without par value and unlimited number of Class B non-voting common shares, without par value of which 10 million Class A shares are issued and outstanding and 89,042,220 Class B shares are issued and outstanding.

Holders of the Class A shares are entitled to one vote per share at a meeting of the shareholders and the Class B shares are not entitled to vote. Dividends may be declared on the Class A and Class B shares at the discretion of the Board of Directors. Upon dissolution or windup of the Company, the holders of the Class A shares and Class B shares are entitled to receive their pro-rata share of the remaining property of the Company.

- (b) number and recorded value for shares issued and outstanding,

Date	# of Class A shares and recorded value	# of Class B shares and recorded value
March 31, 2026	10,000,000 shares \$100	89,042,220 shares \$10,667,910

- (c) description of options, warrants and convertible securities outstanding, including number or amount, exercise or conversion price and expiry date, and any recorded value, and

Options: Options to purchase Class B common shares in the capital of the Issuer are granted by the Issuer's Board of Directors to eligible persons pursuant to the Stock Option Incentive Plan. There were 15,600,000 options outstanding as at March 31, 2026

Number of options	Exercise price	Expiry date
15,000,000	\$0.05	31-Dec-26
600,000	\$0.50	Feb 18, 2028

Warrants: As at March 31, 2026, the Issuer had 4 million warrants outstanding exercisable into 4 million Class B shares at an exercise price of \$ 1.00 per share expiring December 3, 2029.

Number of warrants	Exercise price	Expiry date
4,000,000	\$1.00	December 6, 2029

- (d) number of shares in each class of shares subject to escrow or pooling agreements or any other restriction on transfer.

4. List the names of the directors and officers, with an indication of the position(s) held, as at the date this report is signed and filed.

List of Directors and Officers

Thomas Fairfull	Director and Chief Executive Officer
Alan Myers	Chief Financial Officer
John Yurcovich	Director
Jakson Inwentash	Director
Ken Hanna	Director
Colin Carrie	Director

SCHEDULE C: MANAGEMENT DISCUSSION AND ANALYSIS

Provide Interim MD&A if required by applicable securities legislation.

[Management's Discussion & Analysis of the three months ended March 31, 2026 and 2025, as filed with securities regulatory authorities, is attached to this Form 5 – Quarterly Listing Statement as Appendix B.](#)

Certificate Of Compliance

The undersigned hereby certifies that:

1. The undersigned is a director and/or senior officer of the Issuer and has been duly authorized by a resolution of the board of directors of the Issuer to sign this Quarterly Listing Statement.
2. As of the date hereof there is no material information concerning the Issuer which has not been publicly disclosed.
3. The undersigned hereby certifies to the Exchange that the Issuer is in compliance with the requirements of applicable securities legislation (as such term is defined in National Instrument 14-101) and all Exchange Requirements (as defined in CNSX Policy 1).
4. All of the information in this Form 5 Quarterly Listing Statement is true.

Dated [May 11, 2026](#).

Thomas Fairfull
Name of Director or Senior Officer

[/s/“Thomas Fairfull”](#)
Signature

CEO
Official Capacity

Issuer Details		
Name of Issuer Kleen Hy-Dro-Gen Inc.	For Quarter Ended March 31, 2026	Date of Report YY/MM/D 26/05/11
Issuer Address 1885 Clements Road Suite 253		
City/Province/Postal Code Pickering Ontario L1W 3V4	Issuer Fax No. (905)619 9413	Issuer Telephone No. (905)619 9413
Contact Name Thomas Fairfull	Contact Position CEO	Contact Telephone No. 905-619 9413
Contact Email Address Thomas@kleenh2.com	Web Site Address www.kleenh2.com	

APPENDEX A

Kleen Hy-Dro-Gen Inc

Unaudited interim condensed consolidated financial statements
for the three months ended March 31, 2026

Kleen Hy-Dro-Gen Inc.

Interim Condensed Consolidated Financial Statements

Unaudited - See Notice to Reader

March 31, 2026 and 2025

(Prepared in Canadian Dollars)

Kleen Hy-Dro-Gen Inc.

March 31, 2026 and 2025

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Kleen Hy-Dro-Gen Inc.

March 31, 2026 and 2025

NOTICE TO READER

Under National Instrument 51-102, *Continuous Disclosure Obligations*, if an auditor has not performed a review of a reporting issuer's interim financial statements, the financial statements must be accompanied by a notice indicating that they have not been reviewed by an auditor.

The accompanying unaudited interim condensed consolidated financial statements of Kleen Hy-Dro-Gen Inc. (the "Company") have been prepared by and are the responsibility of the Company's management.

The Company's independent auditor has not performed a review of these interim condensed consolidated financial statements in accordance with standards established by the Chartered Professional Accountants of Canada for a review of interim financial statements by an entity's auditor.

Kleen Hy-Dro-Gen Inc.
Interim Condensed Consolidated Statements of Financial Position
 Unaudited - See Notice to Reader
As At
(Presented in Canadian Dollars)

	Note	March 31, 2026	December 31, 2025
ASSETS			
Current Assets			
Cash		\$ 117,988	\$ 318,861
Investments	3	4,331,492	4,408,697
Investment tax credits receivable		54,874	-
Sales taxes recoverable		61,890	25,742
Prepaid expenses		14,290	18,687
Total Current Assets		4,580,534	4,771,987
Non-current Assets			
Property and equipment	4	75,939	82,365
Total Assets		\$ 4,656,473	\$ 4,854,352
LIABILITIES AND EQUITY			
Current Liabilities			
Accounts payable and accrued liabilities		\$ 79,314	\$ 53,329
Equity			
Class A share capital	5	100	100
Class B share capital	5	10,667,910	10,667,910
Reserves	5	1,524,200	1,514,000
Deficit		(7,615,051)	(7,380,987)
Total Equity		4,577,159	4,801,023
Total Liabilities and Equity		\$ 4,656,473	\$ 4,854,352

Approved on Behalf of the Board

/s/ 'Thomas Fairfull'
 Director

/s/ 'John Yurkovich'
 Director

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

Kleen Hy-Dro-Gen Inc.

Interim Condensed Consolidated Statements of Comprehensive Loss

Unaudited - See Notice to Reader

Three Months Ended March 31, 2026 and 2025

(Presented in Canadian Dollars)

	Note	2026	2025
Expenses			
Professional fees		\$ 114,532	\$ 58,473
Development costs	7	97,188	37,764
Office expenses		37,211	26,823
Stock-based compensation	5 (d)	10,200	-
Rental	6	3,750	3,750
Advertising and promotion		-	74,190
Amortization	4	6,426	7,604
		269,307	208,604
Loss From Operations		(269,307)	(208,604)
Finance income (loss)	8	35,243	(40,991)
Net Loss and Comprehensive Loss		(234,064)	(249,595)
Weighted Average Number of Shares			
Outstanding	5 (g)	99,042,220	94,993,776
Loss Per Share - Basic and Diluted	5 (g)	\$ 0.00	\$ 0.00

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

Kleen Hy-Dro-Gen Inc.

Interim Condensed Consolidated Statements of Changes in Equity

Unaudited - See Notice to Reader

Three Months Ended March 31, 2026 and 2025

(Presented in Canadian Dollars)

	Class A Shares		Class B Shares		Reserves	Deficit	Total Equity
	Number	Amount	Number	Amount			
Balance at December 31, 2024	10,000,000	\$ 100	84,982,220	\$ 6,607,910	\$ 1,514,000	\$ (2,687,212)	\$ 5,434,798
Private placements (note 5 (b))	-	-	20,000	20,000	-	-	20,000
Net loss	-	-	-	-	-	(249,595)	(249,595)
Balance at March 31, 2025	10,000,000	\$ 100	85,002,220	\$ 6,627,910	\$ 1,514,000	\$ (2,936,807)	\$ 5,205,203

	Class A Shares		Class B Shares		Reserves	Deficit	Total Equity
	Number	Amount	Number	Amount			
Balance at December 31, 2025	10,000,000	\$ 100	89,042,220	10,667,910	1,514,000	(7,380,987)	4,801,023
Stock-based compensation (note 5 (d))	-	-	-	-	10,200	-	10,200
Net loss	-	-	-	-	-	(234,064)	(234,064)
Balance at March 31, 2026	10,000,000	\$ 100	89,042,220	\$ 10,667,910	\$ 1,524,200	\$ (7,615,051)	\$ 4,577,159

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

Kleen Hy-Dro-Gen Inc.
Interim Condensed Consolidated Statements of Cash Flows
Unaudited - See Notice to Reader
Three Months Ended March 31, 2026 and 2025
(Presented in Canadian Dollars)

	2026	2025
Operating Activities		
Net loss	\$ (234,064)	\$ (249,595)
Adjustments to determine net cash flows used in operating activities:		
Amortization	6,426	7,604
Finance income	(35,243)	40,991
Stock-based compensation	10,200	-
Changes in non-cash working capital:		
Investment tax credits receivable	(54,874)	-
Sales taxes recoverable	(36,148)	35,337
Prepaid expenses	4,398	-
Accounts payable and accrued liabilities	25,984	(9,481)
Cash Used In Operating Activities	(313,321)	(175,144)
Financing Activities		
Proceeds from private placements	-	20,000
Repayment of advances from related party	-	(138,440)
Cash Used In Financing Activities	-	(118,440)
Investing Activities		
Purchase of investments	(1,638,796)	(909,233)
Proceeds on sale of investments	1,697,239	906,726
Interest received	534	8,810
Dividends received	53,471	49,039
Cash Provided By Investing Activities	112,448	55,342
Net Decrease in Cash	(200,873)	(238,242)
Cash, Beginning of Period	318,861	379,414
Cash, End of Period	\$ 117,988	\$ 141,172
Supplemental Cash Flow Information	2026	2025
Interest paid	\$ -	\$ -
Income taxes paid	\$ -	\$ -

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

Kleen Hy-Dro-Gen Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited - See Notice to Reader

March 31, 2026 and 2025

(Presented in Canadian Dollars)

1. NATURE OF THE BUSINESS

Kleen Hy-Dro-Gen Inc. (the "Company") is an early-stage green energy research and development company, focused on developing an accessible residential heating solution using hydrogen instead of fossil fuels in applications where high-grade heat is needed and where electrical heating is not the best option. The Company is currently in beta testing of its KleenHeat system which is aimed for the home heating industry. The KleenHeat system is a retrofit system to the current home heating system in homes, except it runs on hydrogen instead of fossil fuels.

The Company is domiciled in the Province of British Columbia, has its registered office at 833 Seymour Street, Suite 3606, Vancouver, British Columbia, V6B 0G4, and has its head office at 1885 Clements Road, Unit 253, Pickering, Ontario, L1W 3V4. The Company's Class B common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "KLN".

2. BASIS OF PREPARATION

Statement of Compliance

These interim condensed consolidated financial statements ("financial statements") are unaudited and have been prepared on a condensed basis in accordance with International Accounting Standard 34, *Interim Financial Reporting*, issued by the International Accounting Standards Board ("IASB") using accounting policies consistent with IFRS.

These financial statements for the three months ended March 31, 2026 should be read together with the annual consolidated financial statements as at and for the year ended December 31, 2025. The same accounting policies and methods of computation were followed in the preparation of these financial statements, as described in note 3 of the annual audited consolidated financial statements.

The Board of Directors approved these financial statements for issue on May 11, 2026.

Basis of Measurement

These financial statements have been prepared on the historical cost basis except for certain financial instruments, which are stated at fair value.

Functional and Presentation Currency

The Company's functional and presentation currency is the Canadian dollar.

Basis of Consolidation

These consolidated financial statements include the accounts of Kleen Hy-Dro-Gen Inc. and its wholly owned subsidiary, Kleen Hy-Dro-Gen Corp., from the date of acquisition, July 10, 2025 onwards. Comparative financial statements for periods prior to the date of acquisition are for the subsidiary Kleen Hy-Dro-Gen Corp. All intercompany balances and transactions are eliminated upon consolidation.

Kleen Hy-Dro-Gen Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited - See Notice to Reader

March 31, 2026 and 2025

(Presented in Canadian Dollars)

2. BASIS OF PREPARATION (Continued)

Critical Accounting Judgments, Estimates, and Assumptions

Preparation of financial statements in conformity with IFRS requires management to make judgments, estimates and assumptions that affect the application of accounting policies, the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities, and the reported amounts of revenues and expenses during the period. Estimates and assumptions are continuously evaluated and are based on management's experience and other factors, including expectations of future events that are believed to be reasonable under the circumstances. Uncertainty about these judgments, estimates, and assumptions could result in material adjustment to the carrying amount of the asset or liability affected in future periods.

The judgments, estimates, and assumptions involved in preparing these financial statements are the same as those disclosed in the annual audited financial statements.

3. INVESTMENTS

Investments are comprised of the following:

	March 31, 2026		December 31, 2025	
	Cost	Fair Value	Cost	Fair Value
Money market	\$ -	\$ -	\$ 177,629	\$ 177,429
Equities	440,953	494,031	1,287,069	1,389,553
Mutual funds and ETFs	3,870,281	3,837,461	2,829,006	2,841,715
	\$ 4,311,234	\$ 4,331,492	\$ 4,293,704	\$ 4,408,697

Investments are categorized into Level 1 of the fair value hierarchy and are measured based on quoted market prices. The Company does not have any other financial instruments measured at fair value and there were no transfers between levels of the fair value hierarchy during the period ended March 31, 2026.

Kleen Hy-Dro-Gen Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited - See Notice to Reader

March 31, 2026 and 2025

(Presented in Canadian Dollars)

4. PROPERTY AND EQUIPMENT

Property and equipment for the period ended March 31, 2026 is as follows:

Cost	Equipment	Vehicle	Furniture and Fixtures	Leasehold Improvements	Total
Opening balance	\$ 66,798	\$ 22,861	\$ 78,600	\$ 49,876	\$ 218,135
Additions	-	-	-	-	-
Disposals	-	-	-	-	-
Closing balance	\$ 66,798	\$ 22,861	\$ 78,600	\$ 49,876	\$ 218,135

Accumulated Amortization	Equipment	Vehicle	Furniture and Fixtures	Leasehold Improvements	Total
Opening balance	\$ 33,984	\$ 17,784	\$ 38,356	\$ 45,646	\$ 135,770
Amortization	1,540	380	2,012	2,494	6,426
Closing balance	\$ 35,524	\$ 18,164	\$ 40,368	\$ 48,140	\$ 142,196

Carrying Value	Equipment	Vehicle	Furniture and Fixtures	Leasehold Improvements	Total
Closing balance	\$ 31,274	\$ 4,697	\$ 38,232	\$ 1,736	\$ 75,939

5. EQUITY

(a) Authorized

Unlimited Class A common voting shares, no par value ("Class A shares")

Unlimited Class B common non-voting shares, no par value ("Class B shares")

The holders of the Class A shares are entitled to one vote per share at a meeting of the shareholders and the Class B shares are not entitled to vote.

Dividends may be declared on the Class A shares or the Class B shares at the discretion of the Board of Directors. Upon dissolution or winding-up of the Company, the holders of the Class A shares and Class B shares are entitled to receive their pro-rata share of the remaining property of the Company.

(b) Issued and Outstanding

During the three months ended March 31, 2025, the Company transacted in its issued and outstanding common shares as follows:

- (i) Issued 20,000 Class B shares at \$1.00 per share in private placements for gross proceeds of \$20,000.

Kleen Hy-Dro-Gen Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited - See Notice to Reader

March 31, 2026 and 2025

(Presented in Canadian Dollars)

5. EQUITY (Continued)

(c) Shares in Escrow

In connection with the Company's listing on the CSE, all common shares held by directors were placed into escrow and are to be released over 36 months. Of these shares, 10% were released on September 9, 2025 when the Company's shares began trading on the CSE, and 15% are to be released every six months thereafter.

Scheduled releases are for 1,500,000 Class A shares and 4,080,000 Class B shares each March 9 and September 9 of the years 2026, 2027, and 2028.

As at March 31, 2026, there are 7,500,000 Class A shares and 20,400,000 Class B shares held in escrow.

(d) Stock Options

Stock options are awarded to directors, officers, employees, and consultants under the Company's stock option plan. The maximum number of options that may be granted under the plan is limited to 20% of the total number of issued and outstanding Class A and Class B shares. The exercise price of options is determined by the Board and may be no less than the market price of the underlying shares on the grant date. Expiry dates and vesting conditions are determined by the Board on the grant date. Options are cancelled after 90 days from the date an optionee ceases to provide services to the Company.

Stock options outstanding are exercisable into Class B shares. The following table reflects the continuity of stock options:

	March 31, 2026	
	Number of Options	Weighted Average Exercise Price
Outstanding, beginning of period	15,000,000	\$ 0.05
Granted	600,000	0.50
Exercised	-	-
Expired	-	-
Outstanding, end of period	15,600,000	\$ 0.07
Exercisable, end of period	15,600,000	\$ 0.07

Options granted are accounted for by the fair value method of accounting, whereby share-based payments are recorded over the vesting period and reserves are credited for options granted.

The fair value of stock options granted during the three months ended March 31, 2026 was calculated as \$0.017 per option, based on the Black-Scholes option pricing model. Share-based payments expense for options vested during the year ended March 31, 2026 was \$10,200 (2025 - \$Nil).

Kleen Hy-Dro-Gen Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited - See Notice to Reader

March 31, 2026 and 2025

(Presented in Canadian Dollars)

5. EQUITY (Continued)

(d) Stock Options (Continued)

The fair value of the options granted was estimated at the grant date using the following weighted average assumptions:

	2026
Share price	\$ 0.05
Expected volatility	160 %
Dividend yield	0 %
Risk-free interest rate	2.30 %
Expected life	2 years
Expected forfeiture rate	0 %

The expected volatility is based on management's estimate of the volatility in the Company's share price over the life of the options, based on a comparison with other similar entities. The Company has not paid any cash dividends historically and does not have any plans to pay cash dividends in the foreseeable future. The risk-free interest rate is based on the yield of Canadian benchmark bonds with an equivalent term to maturity. The expected life of the options is based on management's estimate of the time that the options will be outstanding.

The Company had the following stock options outstanding as at March 31, 2026:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
15,000,000	15,000,000	\$0.05	December 31, 2026	0.75 years
600,000	600,000	\$0.50	February 18, 2028	1.89 years
15,600,000	15,600,000	\$0.07		0.80 years

(e) Warrants

The following table reflects the continuity of warrants:

	2026	
	Number of Warrants	Weighted Average Exercise Price
Outstanding, beginning of period	4,000,000	\$ 1.00
Issued	-	-
Exercised	-	-
Expired	-	-
Outstanding, end of period	4,000,000	\$ 1.00

Kleen Hy-Dro-Gen Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited - See Notice to Reader

March 31, 2026 and 2025

(Presented in Canadian Dollars)

5. EQUITY (Continued)

(e) Warrants (Continued)

The Company had the following warrants outstanding as at March 31, 2026:

Number of Warrants Outstanding	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
4,000,000	\$1.00	December 3, 2029	3.68 years

(f) Reserves

Reserves are comprised of the initial fair value of stock options granted and warrants issued.

(g) Loss Per Share

Loss per share is calculated as follows:

	2026	2025
Numerator:		
Net loss	\$ (234,064)	\$ (249,595)
Denominator:		
Weighted average number of Class A shares outstanding	10,000,000	10,000,000
Weighted average number of Class B shares outstanding	89,042,220	84,993,776
Weighted average number of shares outstanding	99,042,220	94,993,776
Loss Per Share:		
Basic and diluted	\$ 0.00	\$ 0.00

The Company has stock options and warrants outstanding which have been excluded from the calculation of diluted loss per share as their inclusion would be anti-dilutive.

(h) Maximum Share Dilution

The following table presents the maximum number of ordinary shares that would be outstanding if all dilutive instruments were exercised:

	March 31, 2026	December 31, 2025
Class A shares outstanding	10,000,000	10,000,000
Class B shares outstanding	89,042,220	89,042,220
Stock options exercisable	15,600,000	15,000,000
Warrants outstanding	4,000,000	4,000,000
Fully diluted common shares outstanding	118,642,220	118,042,220

Kleen Hy-Dro-Gen Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited - See Notice to Reader

March 31, 2026 and 2025

(Presented in Canadian Dollars)

6. RELATED PARTY TRANSACTIONS

All transactions with related parties have occurred in the normal course of operations. The Company's related party transactions are as follows:

- (a) The Company rents its office space from Carpenter House Consulting Group Inc. ("Carpenter House"), a corporation controlled by the President and CEO of the Company, on a month-by-month basis. Rent paid to Carpenter House totaled \$3,750 for the three months ended March 31, 2026 (2025 - \$3,750).
- (b) Key management personnel are those individuals having responsibility for planning, directing, and controlling the activities of the Company. Kleen considers its President, Chief Financial Officer ("CFO"), and directors to be its key management personnel. For the three months ended March 31, 2026, the Company paid \$6,000 to its CFO. No compensation was paid to key management personnel for the three months ended March 31, 2025.

7. DEVELOPMENT COSTS

Development costs are comprised of the following:

	2026	2025
Materials and supplies	\$ 19,177	\$ 3,974
Patent fees and costs	31,275	3,790
Consulting fees	46,736	30,000
	\$ 97,188	\$ 37,764

8. FINANCE INCOME (LOSS)

Finance income (loss) is comprised of the following:

	2026	2025
Interest	\$ 534	\$ 6,091
Dividends	53,471	49,039
Realized gain (loss) on investments	75,974	(6,706)
Net change in unrealized losses on investments	(94,736)	(89,415)
	\$ 35,243	\$ (40,991)

9. MANAGEMENT OF CAPITAL

The Company includes the following in its managed capital:

	March 31, 2026	December 31, 2025
Class A share capital	\$ 100	\$ 100
Class B share capital	10,667,910	10,667,910
Reserves	1,524,200	1,514,000
Deficit	(7,615,051)	(7,380,987)
	\$ 4,577,159	\$ 4,801,023

Kleen Hy-Dro-Gen Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited - See Notice to Reader

March 31, 2026 and 2025

(Presented in Canadian Dollars)

9. MANAGEMENT OF CAPITAL (Continued)

The Company's objectives in managing capital are to:

- (a) Ensure the Company maintains the minimum level of capital required to effectively operate its business;
- (b) Ensure the Company's ability to provide capital growth to its shareholders; and
- (c) Maintain a flexible structure that optimizes the cost of capital at acceptable levels of risk.

To maintain its capital structure, the Company keeps all of its assets in very liquid form. The Company's primary sources of capital were proceeds from the issuance of shares. There were no changes in the Company's approach to capital management during the periods presented. The Company are not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

10. FINANCIAL RISK MANAGEMENT

Fair Values

The Company's financial instruments consist of cash, investments, interest receivable, accounts payable and accrued liabilities. The fair values of these instruments approximate their carrying values due to the short-term nature of these instruments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows and anticipated investing and financing activities. Officers of the Company are actively involved in the review and approval of planned expenditures. As at March 31, 2026, the Company has liabilities of \$79,314 due within twelve months and has cash and investments of \$4,449,480 to meet its current obligations (December 31, 2025 - current liabilities of \$53,329 and cash and investments of \$4,727,558). Management has judged liquidity risk to be low. There have been no changes to the Company's liquidity risk management policies since December 31, 2025.

Credit Risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfil its payment obligations. Cash and money market investments are the Company's largest exposure to credit risk, and management considers these to be low, due to the high credit ratings of the financial institutions and governments who are the counterparties. The Company's maximum exposure to credit risk is \$117,988 as at March 31, 2026 and \$496,290 as at December 31, 2025 from these instruments.

The allowance for doubtful accounts and bad debts expense are \$Nil as at and for the periods ended March 31, 2026 and 2025. Management has judged credit risk to be low. There have been no changes to the Company's credit risk management policies since December 31, 2025.

Kleen Hy-Dro-Gen Inc.

Notes to the Interim Condensed Consolidated Financial Statements

Unaudited - See Notice to Reader

March 31, 2026 and 2025

(Presented in Canadian Dollars)

10. FINANCIAL RISK MANAGEMENT (Continued)

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. Market risk is comprised of price risk, foreign currency risk, and interest rate risk. The Company is not significantly exposed to foreign currency risk or interest rate risk as it has no variable interest-bearing financial assets or liabilities. The Company's exposure to price risk is described in more detail below.

Price Risk

Price risk is the risk that the fair value or future cash flows from the Company's financial instruments will fluctuate due to changes in stock or bond market prices. The Company is exposed to market price fluctuations on its investments in equities and mutual funds, for which total exposure is \$4,331,492 as at March 31, 2026 (December 31, 2025 - \$4,231,268). Price fluctuations on money market investments are not significant. Management has judged price risk to be low. There have been no changes to the Company's price risk management policies since December 31, 2025.

A sensitivity analysis of the impact on net loss and comprehensive loss for changes in the market prices of investments in equities and mutual funds is presented below:

	March 31, 2026	December 31, 2025
Favourable by 4%	\$ 173,260	\$ 169,251
Favourable by 2%	86,630	84,625
No change	-	-
Unfavourable by 2%	(86,630)	(84,625)
Unfavourable by 4%	(173,260)	(169,251)

11. OPERATING SEGMENTS

The Company operates as a single reportable segment, being the development and eventual sale of hydrogen-powered furnaces in Canada. All present operations, assets, liabilities, and expenses are of this segment.

APPENDEX B

Kleen Hy-Dro-Gen Inc

Management's Discussion & Analysis
for the three months ended March 31, 2026

Management's Discussion and Analysis

For the quarter ended: March 31, 2026

Date of report: May 11 ,2026

This management's discussion and analysis of the financial condition and results of operation ("MD&A") of Kleen Hy-Dro-Gen Inc. ("Kleen" or the "Company") should be read in conjunction with Kleen's unaudited consolidated interim condensed financial statements (the "Interim Statements") and notes thereto as at and for the three months ended March 31, 2026, and the annual audited financial statements as at and for the year ended December 31, 2025. The same accounting policies and methods of computation were followed in the preparation of the Interim Statements as were followed in the preparation and described in Note 3 of the annual audited financial statements as at and for the year ended December 31, 2025.

Unless indicated otherwise, all financial data in this MD&A has been prepared in accordance with International Financial Reporting Standards ("IFRS") issued by the International Accounting Standards Board ("IASB") and interpretations of the International Financial Reporting Interpretations Committee ("IFRIC"). All dollar amounts in this MD&A are reported in Canadian dollars unless otherwise indicated.

Caution Regarding Forward-Looking Information

Certain information contained in this MD&A constitutes forward-looking information, which is information relating to future events or the Company's future performance and which is inherently uncertain. All information other than statements of historical fact may be forward-looking information. Forward-looking information is often, but not always, identified by the use of words such as "seek", "anticipate", "budget", "plan", "continue", "estimate", "expect", "forecast", "may", "will", "project", "predict", "potential", "targeting", "intend", "could", "might", "should", "believe" and similar words or phrases (including negative variations) suggesting future outcomes or statements regarding an outlook. Forward-looking information contained in this MD&A includes, but is not limited to the Company's anticipated investment activities and results and financing activities, the Company's future working capital requirements, the ability of the Company to raise capital on a going forward basis, the impact of changes in accounting policies and other factors on the Company's operating results, and the performance of global capital markets and interest rates, the exposure of its financial instruments to various risks and its ability to manage those risks, and the Company's ability to use tax loss carry-forwards.

Forward-looking information involves known and unknown risks, uncertainties and other factors that may cause actual results or events to differ materially from those anticipated in such forward-looking information. The Company believes the expectations reflected in the forward-looking information are reasonable, but no assurance can be given that these expectations will prove to be correct and readers are cautioned not to place undue reliance on forward-looking information contained in this MD&A. Some of the risks and other factors which could cause results to differ materially from those expressed in the forward-looking information contained in this MD&A include, but are not limited to: or otherwise raise capital in order to fund obligations as they become due, the Company's ability to generate taxable income from operations, including, without limitation, risks related to the fact that availability of capital on terms acceptable to the Company or at all, and other risks included elsewhere in this MD&A under

the headings "Management of Financial Risks" and "Principal Business Risks" and in other public disclosures filed with certain Canadian securities regulatory authorities and available under the Company's profile at www.sedarplus.ca.

Readers are cautioned that the foregoing lists of factors are not exhaustive. Although the Company has attempted to identify important factors that could cause actual events and results to differ materially from those described in the forward-looking information, there may be other factors that cause events or results to differ from those intended, anticipated or estimated. The forward-looking information contained in this MD&A are made as of the date hereof and the Company undertakes no obligation to update publicly or revise any forward-looking information, whether as a result of new information, future events or otherwise, except as otherwise required by law. All of the forward-looking information contained in this MD&A is expressly qualified by this cautionary statement.

Nature of the Business

Kleen Hy-Dro-Gen Inc. (the "Company") is an early-stage green energy research and development company, focused on developing an accessible residential heating solution using hydrogen instead of fossil fuels in applications where high-grade heat is needed and where electrical heating is not the best option. The Company is currently in beta testing of its KleenHeat system which is aimed for the home heating industry. The KleenHeat system is a retrofit system to the current home heating system in homes, except it runs on hydrogen instead of fossil fuels.

The Company is domiciled in the Province of British Columbia, has its registered office at 833 Seymour Street, Suite 3606, Vancouver, British Columbia, V6B 0G4, and has its head office at 1885 Clements Road, Unit 253, Pickering, Ontario, L1W 3V4. The Company's Class B common shares are listed on the Canadian Securities Exchange ("CSE") under the symbol "KLN".

Basis of Consolidation:

These interim consolidated financial statements for the three months ended March 31, 2026 include the accounts of Kleen Hy-Dro-Gen Inc. and its wholly owned subsidiary, Kleen Hy-Dro-Gen Corp. All intercompany balances and transactions are eliminated upon consolidation.

On July 10, 2025, the Company completed a reverse takeover ("RTO") transaction. Following the completion of the RTO transaction, the financial statements are presented on a consolidated basis. The comparative figures for the three months ended March 31, 2025 have not been consolidated, as they relate to a period prior to the RTO transaction and present only the results of Kleen Hy-Dro-Gen Corp.

Summary

- For the three months ended March 31, 2026, the Company had net loss of \$234,064 (net loss per share of \$0.00) as compared to net loss of \$249,595 (net loss per share of \$0.00) for the three months ended March 31, 2025.
- As at March 31, 2026, the Company had cash and investments at fair value totaling \$ 4,449,480 as compared to \$4,727,558 as at December 31, 2025.
- The Company continues to beta test its KleenHeat hydrogen system in a house in Ajax Ontario owned by the CEO of the Company and has no revenue from the sale of its KleenHeat system to date.

Investments

Investments are comprised of the following:

	March 31, 2026		December 31, 2025	
	Cost	Fair Value	Cost	Fair Value
Money market	\$ -	\$ -	\$ 177,429	\$ 177,429
Equities	440,953	494,031	1,287,069	1,389,553
Mutual funds	3,870,281	3,837,461	2,829,006	2,841,715
	\$ 4,311,234	\$ 4,331,492	\$ 4,293,704	\$ 4,408,697

Investments in money market, equities, and mutual funds are categorized into Level 1 of the fair value hierarchy and are measured based on quoted market prices. The Company does not have any other financial instruments measured at fair value and there were no transfers between levels of the fair value hierarchy during the period ended March 31, 2026.

Summary of Quarterly Results

The Company's selected quarterly results for the eight most recently completed interim financial periods are as follows:

	31-Mar- 26	31-Dec- 25	30-Sep-25	30-Jun- 25
Finance Income (loss)	\$35,243	\$53,517	\$248,799	\$228,200
Operating expenses	269,307	178,295	4,525,619	270,783
Net loss and comprehensive loss	(234,064)	(124,778)	(4,276,820)	(42,583)
Net Loss per share-basic and diluted	0.00	0.00	(0.04)	0.00

	31-Mar- 25	31-Dec- 24	30-Sep-24	30-Jun- 24
Finance income (loss)	(\$40,991)	(\$34,588)	\$15,165	\$12,014
Operating expenses	208,604	163,066	62,549	119,710
Net loss and comprehensive loss	(249,595)	(197,654)	(47,384)	(107,696)
Net loss per share-basic and diluted	0.00	0.00	0.00	0.00

No dividends were declared by the Company during any of the periods indicated.

Results of Operations Three Months Ended March 31, 2026 and 2025

For the three months ended March 31, 2026, the Company recorded a net loss for the period of \$234,064 as compared to a net loss of \$ \$ 249,595 for the three months ended March 31, 2025.

During the three months ended March 31, 2026, the Company recorded Finance income of \$35,243 as compared to a net loss of \$ 40,991 for the three months ended March 31, 2025. The Finance income (loss) is earned from the Company's investments on hand during the periods.

For the three months ended March 31, 2026 , total operating expenses was \$269,307 as compared to \$ 208,604 for the three months ended March 31, 2025.

The following is the breakdown of the Company's total operating expenses for the three months ended March 31, 2026 and 2025. Details of the changes follow the table:

		<u>31-Mar- 26</u>	<u>31-Mar- 25</u>
Development costs	(a)	\$97,188	\$37,764
Professional fees	(b)	114,532	58,473
Advertising and promotion	(c)	-	74,190
Office expenses	(d)	37,211	26,823
Rental	(e)	3,750	3,750
Stock based compensation	(f)	10,200	-
Amortization		<u>6,426</u>	<u>7,604</u>
		<u>\$269,307</u>	<u>\$208,604</u>

- (a) Development costs represent funds spent on engineering as well as the costs associated with supplies and materials in testing and development of the KleenHeat system and patent costs. Development costs increased by \$ 59,424 (net of government assistance of \$ 54,874) during the three months ended March 31, 2026 compared to the three months ended March 31, 2025 as a result of increasing expenditures relating to materials; increase part time consultants and expenditures on keeping its patent applications current and updated. See note 7 to the unaudited consolidated financial statements for the three months ended March 31, 2026 and 2025 for specific details. The costs incurred fluctuate based on timing of expenditures being incurred especially for patent fees and costs and part time consulting fees for engineers. The Company has one full time engineer in fiscal 2026 and in 2025, earning a consulting fee of \$ 120,000 per annum.
- (b) Professional fees increased by \$ 56,059 for the three months ended March 31, 2026 as compared to the three months ended March 31, 2025, mainly due to timing of those costs incurred relating audit costs and legal costs associated with being a reporting issuer since July 2025, and hiring a Chief Financial Officer earning a consulting fee of two thousand per month effective July 2025.
- (c) Advertising and promotion for the three months ended March 31, 2026 was Nil as compared to \$ 74,190 for the three months ended March 31, 2025. Advertising and promotion mainly relate to marketing costs associated with advertising of its KleenHeat system and preparing marketing brochures for the three months ended March 31, 2025. These marketing costs along with

shareholder investor marketing activities will most likely continue in the future as to approximately \$ 10,000 a month.

- (d) Office expenses increased by \$10,388 for the three months ended March 31, 2026 as compared to the three months ended March 31, 2025.. Included in offices expenses is telephone, office supplies, broker fees on our investments, insurance and shareholder costs including listing fees and transfer agent fees. During the three months ended March 31, 2026, the Company incurred insurance costs of approximately \$ 10,000 mainly relating to Directors and Officers insurance (2025-4,000); broker fees of approximately \$ 11,000 (2025- \$5,000); shareholder relation costs of approximately \$ 5,000 (2025-nil) mainly relating to being a reporting issuer in 2026. Office expenditures were approximately \$ 13,000 (2025- \$ 17,000) relating to telephone, website and general office supplies. These costs are not expected to change significantly over the next year.
- (e) The Company leases office space on a month to month basis from a company controlled by the CEO for \$ 1,250 per month. There has been no change in this arrangement since fiscal 2022.
- (f) For the three months ended March 31, 2026 the company incurred \$ 10,200 in stock based compensation expenses relating to the issue of 600,000 stock options to two consultants at an exercise price of \$ 0.50 per, expiring Feb 2028. Stock based compensation was calculated using the Black Scholes option pricing model (see note 5 to the unaudited consolidated financial statements for the three months ended March 31, 2026.

Finance income (loss)

For the three months ended March 31, 2026, the Company generated Finance income of \$35,243 as compared to a loss of \$ 40,991 for the three months ended March 31, 2025. The increase of \$ 76,234 of finance income between the three months ended March 31, 2026 and the three months ended March 31, 2025, is directly attributed to the number of months the excess working capital was invested in short term interest instruments and investments as well as timing of dividends received from our investments and unrealized gains and losses on our investments. See detailed summary of the components of finance income below.

Finance income is comprised of the following:

	2026	2025
Interest	\$ 534	\$ 6,091
Dividends	69,955	49,039
Realized loss on investments	(2,512)	(6,706)
Net change in unrealized losses on investments	(32,734)	(89,415)
	\$ 35,243	\$ (40,991)

Finance income fluctuates based on market forces and the Company's Finance income will be reduced over time as the Company requires working capital to operate.

Cash Flows
Three months ended March 31, 2026 and 2025

During the three months ended March 31, 2026, the Company used net cash in operating activities of \$313,321 as compared to \$ 175,144 for the three months ended March 31, 2026 mostly attributable to its net loss for the periods.

During the three months ended March 31, 2026, the Company used no cash in financing activities as compared to cash used in financing of \$ 118,440 for the three months ended March 31, 2025. For the three months ended March 31, 2025, the Company received \$ 20,000 on the issuance of 20,000 Class B non voting shares under private placement offerings. The Company also repaid advances from a related party in the amount of \$ 138,440 for the three months ended March 31, 2025 as compared to nil for the three months ended March 31, 2026. These advances were repaid to Carpenter House Consulting Group Inc, a company controlled by Thomas Fairfull the CEO of Kleen.

During the three months ended March 31, 2026 , the Company generated net cash of \$112,448 in investing activities as compared to \$ 55,342 for the three months ended March 31, 2025.

During the three months ended March 31, 2026, the Company purchased investments in the amount of \$ 1,638,796 (2025- \$ 909,233) and had proceeds on sale of investments of \$ 1,697,239 (2025-\$906,726); and the receipt of interest income and dividend income from its investments in the aggregate amount of \$54,005 as compared to \$ 57,849 for the three months ended March 31, 2025. .

For the three months ended March 31, 2026, the Company had a net decrease in cash of \$200,873 (2025, - \$238,242 decrease in cash) leaving a cash balance of \$117,988 as at March 31, 2026 (2025 - \$141,172).

Liquidity and Capital Resources

	31-Mar-26	31-Dec-25
Statement of financial Position highlights		
Cash	\$117,988	\$318,861
Investments	4,331,492	4,408,697
Total assets	4,656,473	4,854,352
Total liabilities	79,314	53,329
Share Capital	10,668,010	10,668,010
Reserves	1,524,200	1,514,000
Deficit	(7,615,051)	(7,380,987)

Total liabilities as at March 31, 2026 were \$79,313 which is a \$25,985 increase from December 31, 2025. The increase relates to the timing of payments made on general operating costs. The Company does not have many suppliers and pays its operating costs usually within 30 days of an invoice received.

The Company's cash and investments as at March 31, 2026, are sufficient to meet the Company's total liabilities which are all current.

The Company continues to have no long-term debt. The Company's ability to access the debt and equity markets when required will depend upon factors beyond its control, such as economic and political conditions that may affect the capital markets generally. On average the Company anticipates working capital requirements of approximately \$100,000 per month to cover ongoing development and operating expenses.

Related Party Transactions

All transactions with related parties have occurred in the normal course of operations and are recorded at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

- (a) The Company rents its office space from Carpenter House Consulting Group Inc. ("Carpenter House"), a corporation controlled by the President and CEO of the Company, on a month-by-month basis. Rent paid to Carpenter House totaled \$3,750 for the three months ended March 31, 2026 (2025 - \$3,750).
- (b) Key management personnel are those individuals having responsibility for planning, directing, and controlling the activities of the Company. Kleen considers its President, Chief Financial Officer ("CFO"), and directors to be its key management personnel. For the three months ended March 31, 2026, the Company paid \$6,000 to its CFO. No compensation was paid to key management personnel for the three months ended March 31, 2025.

Off-Balance Sheet Arrangement

As at March 31, 2026, the Company does not have any off-balance sheet arrangements that have, or are reasonably likely to have, a current or future effect on the results of operations or financial condition of Kleen.

Management of Capital

The Company includes the following in its managed capital:

	March 31, 2026	December 31, 2025
Class A share capital	\$ 100	\$ 100
Class B share capital	10,667,910	10,667,910
Reserves	1,524,200	1,514,000
Deficit	(7,615,051)	(7,380,987)
	\$ 4,577,159	\$ 4,801,023

There were no changes in the Company's approach to capital management during the three months ended March 31, 2026

The Company's objectives in managing capital are to:

- Ensure the Company maintains the minimum level of capital required to effectively operate its business;
- Ensure the Company's ability to provide capital growth to its shareholders; and
- Maintain a flexible structure that optimizes the cost of capital at acceptable levels of risk.

To maintain its capital structure, the Company keeps all of its assets in very liquid form. The Company's primary sources of capital were proceeds from the issuance of shares. There were no changes in the Company's approach to capital management during the periods presented. The Company are not subject to externally imposed capital requirements. Management reviews its capital management approach on an ongoing basis and believes that this approach is reasonable given the relative size of the Company.

The Board of Directors does not establish quantitative return on capital criteria for management, but rather relies on the expertise of the Company's management to sustain future development of the business.

To date, the Company has not declared any cash dividends to its shareholders as part of its capital management program. The Company's current capital resources are sufficient to discharge its liabilities as at March 31, 2026.

Management of Financial Risks

Fair Values

The Company's financial instruments consist of cash, investments, interest receivable, accounts payable and accrued liabilities. The fair values of these instruments approximate their carrying values due to the short-term nature of these instruments.

Liquidity Risk

Liquidity risk is the risk that the Company will not be able to meet its obligations as they become due. The Company manages its liquidity risk by forecasting cash flows and anticipated investing and

financing activities. Officers of the Company are actively involved in the review and approval of planned expenditures. As at March 31, 2026, the Company has liabilities of \$79,313 due within twelve months and has cash and investments of \$4,449,480 to meet its current obligations (December 31, 2025 - current liabilities of \$53,329 and cash and investments of \$4,727,558). Management has judged liquidity risk to be low. There have been no changes to the Company's liquidity risk management policies since December 31, 2025.

Credit Risk

Credit risk is the risk of loss associated with a counter-party's inability to fulfil its payment obligations. Cash and money market investments are the Company's largest exposure to credit risk, and management considers these to be low, due to the high credit ratings of the financial institutions and governments who are the counterparties. The Company's maximum exposure to credit risk is \$117,988 as at March 31, 2026 and \$496,290 as at December 31, 2025 from these instruments.

The allowance for doubtful accounts and bad debts expense are \$Nil as at and for the periods ended March 31, 2026 and 2025. Management has judged credit risk to be low. There have been no changes to the Company's credit risk management policies since December 31, 2025.

Market Risk

Market risk is the risk that the fair value of, or future cash flows from, the Company's financial instruments will significantly fluctuate due to changes in market prices. Market risk is comprised of price risk, foreign currency risk, and interest rate risk. The Company is not significantly exposed to foreign currency risk or interest rate risk as it has no variable interest-bearing financial assets or liabilities. The Company's exposure to price risk is described in more detail below.

Price Risk

Price risk is the risk that the fair value or future cash flows from the Company's financial instruments will fluctuate due to changes in stock or bond market prices. The Company is exposed to market price fluctuations on its investments in equities and mutual funds, for which total exposure is \$4,331,492 as at March 31, 2026 (2025 - \$4,231,268). Price fluctuations on money market investments are not significant. Management has judged price risk to be low. There have been no changes to the Company's price risk management policies since December 31, 2025.

A sensitivity analysis of the impact on net loss and comprehensive loss for changes in the market prices of investments in equities and mutual funds is presented below:

	March 31, 2026	December 31, 2025
Favourable by 4%	\$ 173,260	\$ 169,251
Favourable by 2%	86,630	84,625
No change	-	-
Unfavourable by 2%	(86,630)	(84,625)
Unfavourable by 4%	(173,260)	(169,251)

Material Accounting Policies

The same accounting policies and methods of computation were followed in the preparation of the Interim Statements as were followed in the preparation and as described in Note 3 of the annual audited financial statements as at and for the year ended December 31, 2025. See also in this MD&A disclosure relating to Basis of Consolidation.

Critical Accounting Estimates

The preparation of the Interim Consolidated Statements in conformity with IFRS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the Interim Consolidated Statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Critical accounting estimates used in the preparation of the Company's Interim Statements include the, the valuation related to the Company's deferred tax assets ("DTA") and deferred tax liabilities ("DTL"), and the Company's estimate of inputs for the calculation of the fair value of stock-based compensation expense.

Deferred tax assets:

Deferred tax is provided using the statement of financial position method on temporary differences at the reporting date between the tax bases of assets and liabilities and their carrying amounts for financial reporting purposes.

DTL are recognized for all taxable temporary differences and DTA are recognized for all deductible temporary differences, carry forward of unused tax credits and unused tax losses. The Company does not record DTA to the extent that it considers it is not more likely than not that deductible temporary differences, the carry forward of unused tax credits and unused tax losses can be utilized.

Management determined, based upon expectations for future taxable income, that there is uncertainty if the Company will be able to realize the tax benefits of the DTA during the next several years and therefore has determined not to record any DTA.

Stock-based Compensation Expense:

The Company uses the Black-Scholes option pricing model to calculate stock-based compensation expense and the fair value of the warrants and broker warrants issued under the Company's private placements. The model requires six key inputs: exercise price, market price at date of issue, risk free interest rate, expected dividend yield, expected life, and expected volatility. The first three inputs are facts rather than estimates, while the expected life, expected volatility, and expected dividend yield (estimated at 0% based on the Company's history of not paying any dividends) are based on the Company's estimates. A shorter expected life of the option, lower volatility number, or higher dividend

yield used would result in a decrease in stock-based compensation expense. A longer expected life of the option or a higher volatility number used would result in an increase in stock-based compensation expense. The Company is also required to estimate the future forfeiture rate of options based on historical information in its calculation of stock-based compensation expense. These estimates involve considerable judgment and are, or could be, affected by significant factors that are out of the Company's control.

During the three months ended March 31, 2026 the Company granted 600,000 stock options on its Class B Non voting shares; exercise price at \$ 0.50 per share and expiring in February 2028

The Company had the following stock options outstanding as at March 31, 2026:

Number of Options Outstanding	Number of Options Exercisable	Exercise Price	Expiry Date	Weighted Average Remaining Contractual Life
15,000,000	15,000,000	\$0.05	December 31, 2026	0.75 years
600,000	600,000	\$0.50	February 18, 2028	1.89 years
15,600,000	15,600,000	\$0.07		0.80 years

Outstanding Share Data

As at the date of this MD&A, the number of common shares of the Company issued and outstanding and the number of common shares issuable pursuant to other outstanding securities of Kleen are as follows:

	Number of securities outstanding	Number of securities exercisable
Class A voting common shares outstanding	10,000,000	10,000,000
Class B non voting common shares outstanding	89,042,220	89,042,220
Stock Options exercisable into Class B shares	15,600,000	15,600,000
Warrants exercisable into Class B shares (a)	4,000,000	4,000,000
Fully Diluted common shares outstanding and exercisable	118,642,220	118,642,220

- (a) Warrants are exercisable into Class B non voting common shares at a price of \$1.00 per warrant and expires in December 2029.

Refer to Note 5 of the notes to the interim condensed Financial Statements for details of the Company's share capital as at March 31, 2026

Internal Control Over Establishment and Maintenance of Disclosure Controls and Procedures ("DC&P) and Internal Control over Financial Reporting ("ICFR")

Disclosure Controls and Procedures (DC&P)

The Chief Executive Officer ("CEO") and Chief Financial Officer ("CFO") have evaluated the effectiveness of the Company's DC&P as of **March 31, 2026**, as such term is derived under National Instrument 52-109 – Certification of Disclosure in Issuers' Annual and Interim Filings ("NI 52-109"). Based on that evaluation, and notwithstanding the material weakness regarding the segregation of duties described below, the CEO and CFO have concluded that during the three months ended March 31, 2026, the Company's DC&P were effective in providing reasonable assurance that material information relating to the Company was recorded, processed, summarized and reported within the appropriate time periods and was accumulated and communicated to management to allow timely decisions regarding required disclosure.

Internal Control over Financial Reporting (ICFR)

Management is responsible for establishing and maintaining adequate ICFR, as such term is defined under NI 52-109, to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements in accordance with IFRS. Management used the COSO Internal Control—Integrated Framework (2013) to evaluate the effectiveness of the Company's ICFR.

Material Weakness – Segregation of Duties

As of **December 31, 2025 and March 31, 2026**, management identified a material weakness in the design of the Company's ICFR related to a **lack of segregation of duties**. Due to the Company's limited staff and the use of a part-time CFO, certain functions regarding the initiation, authorization, and recording of transactions are performed by the same individual.

To mitigate the risks associated with this weakness, the **Board of Directors and Audit Committee** maintain direct oversight of the financial reporting process, including a detailed review of all quarterly and annual filings. All material transactions require dual approval by the CEO and a member of the Board. Management intends to hire additional staff as the Company's operations expand, but currently deems Board oversight an appropriate mitigating control.

Changes in Internal Control over Financial Reporting

There were no changes in the Company's ICFR or DC&P during the three months ended March 31, 2026, that have materially affected, or are reasonably likely to materially affect, the Company's ICFR. The Reverse Takeover completed in **July 2025** involved an inactive reporting issuer; the integration of its minimal administrative activities (primarily legal and regulatory expenses) did not result in a material change to the Company's reporting processes or internal control framework.

Limitations of Controls and Procedures

The Company's management, including the CEO and CFO, believe that any DC&P and ICFR, no matter how well designed, can have inherent limitations and may not prevent or detect all misstatements and fraud. Therefore, even those systems determined to be effective can provide only reasonable assurance that the objectives of the control system are met.

Operating Segments

The Company operates as a single reportable segment. being the development and eventual sale of Hydrogen powered furnaces in Canada. All present operations, assets, liabilities, revenue and expenses are of this segment.

Additional Information

Additional information relating to Kleen may be found on the Company's website at www.kleenh2.com and the Company's profile on Sedar+ at www.sedarplus.ca.