



KLEEN HY-DRO-GEN INC. ANNOUNCES COMPLETION OF BUSINESS COMBINATION

TORONTO, ONTARIO, CANADA, July 11, 2025 /EINPresswire.com/ -- Kleen HY-DRO-GEN Inc. (formerly 0755461 B.C. Ltd.) (the "Resulting Issuer") is pleased to announce that it has completed its previously announced business combination with the private Ontario company formerly named Kleen HY-DRO-GEN Inc. ("Old Kleen") pursuant to the terms and conditions of an amended and restated letter agreement dated March 31, 2025, as amended on June 25, 2025 and July 9, 2025 (the "Transaction"). Following the completion of the Transaction, the Resulting Issuer has adopted the business of Old Kleen in developing green and accessible residential heating solutions based upon mass hydrogen heating adoption strategies. The hydrogen-based heating system allows the home owner a zero carbon foot print.

Details of the Transaction

Immediately prior to the Transaction, the Resulting Issuer (i) completed a stock consolidation (the "Consolidation") in respect of its issued and outstanding common shares ("Shellco Shares"), on the basis that resulted in the number of post-Consolidation Shellco Shares immediately prior to closing being equal to 4,000,000; and (ii) filed articles of amendment to (A) amend its authorized capital to consist of an unlimited number of class A voting shares (the "Resulting Issuer Class A Shares"), change the designation of the Shellco Shares to class B non-voting shares and amend the rights, privileges, restrictions and conditions thereof (the "Resulting Issuer Class B Shares"), and exchange all Shellco Shares for Resulting Issuer Class B Shares on a 1:1 basis; and (B) effect a name change from "0755461 B.C. Ltd." to "Kleen HY-DRO-GEN Inc." (collectively, the "Article Amendments").

The Transaction subsequently occurred by way of three-cornered amalgamation pursuant to which Old Kleen amalgamated with a subsidiary of the Resulting Issuer, and in connection with which (i) each outstanding Class A voting share of Old Kleen was exchanged for one Resulting Issuer Class A Share; and (ii) each outstanding Class B non-voting share of Old Kleen was exchanged for one Resulting Issuer Class B Share. In addition, (i) an aggregate of 4,000,000 share purchase warrants of Old Kleen exercisable to acquire class B non-voting shares of Old Kleen at an exercise price of \$1.00 until December 3, 2029 were exchanged on a 1:1 basis for share purchase warrants of the Resulting Issuer (the "Resulting Issuer Warrants") exercisable to acquire Resulting Issuer Class B Shares and otherwise bearing the same terms and conditions as the share purchase warrants of Old Kleen being exchanged; and (ii) an aggregate of 15,000,000 stock options of Old Kleen exercisable to acquire class B non-voting shares of Old Kleen at an

exercise price of \$0.05 until December 31, 2026 were exchanged on a 1:1 basis for stock options of the Resulting Issuer (the "Resulting Issuer Options") exercisable to acquire Resulting Issuer Class B Shares and otherwise bearing the same terms and conditions as the stock options of Old Kleen being exchanged.

Following completion of the Transaction, the Resulting Issuer will continue to the Province of Ontario and seek a listing of the Resulting Issuer Class B Shares on the Canadian Securities Exchange (the "CSE").

New Board and Management

Upon closing of the Transaction, all of the existing directors and officers of the Resulting Issuer resigned, and the board of directors of the Resulting Issuer was reconstituted to consist of Thomas Fairfull, Ken Hanna, Colin Carrie, John Yurkovich and Jakson Inwentash. In addition, Thomas Fairfull was appointed President and Chief Executive Officer and Alan Myers was appointed as Chief Financial Officer of the Resulting Issuer.

Internal Reorganization

As described above, prior to the completion of the Transaction, the Resulting Issuer completed a Consolidation and implemented the Article Amendments. After completing the Consolidation and Article Amendments, a subsidiary of the Resulting Issuer, 1001287530 Ontario Ltd. ("Subco 1") issued the following the common shares ("Subco 1 Shares"):

- 900,000 Subco 1 Shares in payment of a finder's fee to a finder for their assistance in arranging the Transaction;
- 129,890 Subco1 Shares in settlement of outstanding debt owed; and
- 2,809,447 Subco 1 Shares in settlement of outstanding debt.

Of the above amounts, Subco 1 issued 2,839,447 Subco 1 Shares in the aggregate to certain related parties (each, a "Related Party") representing payment in lieu of cash, as follows: (i) 30,000 Subco 1 Shares were issued to Richard Paolone in satisfaction of outstanding management fees for services rendered as Chief Executive Officer, Chief Financial Officer and director; and (ii) 2,809,447 Subco 1 Shares were issued to Canadian Shield Holdings & Consulting Inc. ("Canadian Shield"), a 10% securityholder and insider of the Resulting Issuer (on a pre-Transaction basis), for settlement of an outstanding convertible debenture in the aggregate amount of \$55,930, inclusive of interest and payment of outstanding finder's fees in connection with the Transaction. Pursuant to the 0755 Amalgamation (as defined below), each of the Related Parties received one Resulting Issuer Class B Share for each one Subco 1 Share held and such issuances to such Related Parties are related party transactions under Multilateral Instrument – Protection of Minority Security Holders in Special Transactions ("MI 61-101"). The Resulting Issuer relied on the exemption from the formal valuation requirements under subsection 5.5(b) of MI 61-101, as the securities of the Resulting Issuer are not listed or quoted on any of the named

stock exchanges. Minority shareholder approval of the issuances was obtained at the Resulting Issuer's shareholder meeting held on June 30, 2025, pursuant to MI 61-101. For further information, please see the Resulting Issuer's management information circular dated May 29, 2025, and press release dated June 23, 2025, copies of which have been filed on SEDAR+.

Subco 1 subsequently entered into an amalgamation agreement with another wholly-owned subsidiary of the Resulting Issuer, 1001287533 Ontario Ltd. ("Subco 2") and the Resulting Issuer and completed a three-cornered amalgamation (the "0755 Amalgamation"). Pursuant to the 0755 Amalgamation, Subco 1 and Subco 2 amalgamated to form one entity under the Business Corporations Act (Ontario) ("0755 Amalco"), being a wholly-owned subsidiary of the Resulting Issuer. The following steps occurred: (i) each common share in the capital of Subco 2 was exchanged for one share in the capital of 0755 Amalco and the Subco 2 common shares were cancelled; (ii) each holder of Subco 1 Shares received Resulting Issuer Class B Shares for each one Subco 1 Share held; and (iii) 0755 Amalco issued 100 common shares in the capital of 0755 Amalco to the Resulting Issuer.

Early Warning Requirements

Thomas Fairfull

In connection with the Transaction, Thomas Fairfull (the "Acquirer") announces that he has acquired direct ownership and control of an aggregate of 10,000,000 Resulting Issuer Class A Shares (the "Subject Class A Shares"), 19,000,000 Resulting Issuer Class B Shares (the "Subject Class B Shares"), 5,000,000 Resulting Issuer Options (the "Subject Options") and 4,000,000 Resulting Issuer Warrants (the "Subject Warrants" and together with the Subject Class A Shares, Subject Class B Shares and Subject Options, the "Subject Securities"), of the Resulting Issuer effective July 10, 2025 (the "Acquisition").

The Subject Securities were acquired pursuant to the Transaction and represent approximately 100% of all issued and outstanding Resulting Issuer Class A Shares and 21.3% of all issued and outstanding Resulting Issuer Class B Shares as of the date of Acquisition (or 28.6% on a partially diluted basis assuming conversion of the Subject Options and Subject Warrants only), resulting in a corresponding change to the aggregate percentage ownership of the Resulting Issuer by the Acquirer.

Immediately before the Acquisition, the Acquirer and his joint actors held no securities in the Resulting Issuer. Immediately following the Acquisition, the Acquirer and his joint actors held the Subject Class A Shares, Subject Class B Shares, Subject Options and Subject Warrants, approximately 100% of all issued and outstanding Resulting Issuer Class A Shares and 21.3% of all issued and outstanding Resulting Issuer Class B Shares as of the date of Acquisition (or 28.6% on a partially diluted basis assuming conversion of the Subject Options and Subject Warrants only).

The Subject Securities were acquired pursuant to the Transaction in exchange for the existing Class A voting shares, Class B non-voting shares, stock options and share purchase warrants of Old Kleen held by the Acquirer. The holdings of securities of the Resulting Issuer by the Acquirer are managed for investment purposes, and the Acquirer and/or his joint actors could increase or decrease their respective investments in the Resulting Issuer at any time, or continue to maintain their current investment position, depending on market conditions or any other relevant factor.

A copy of the applicable securities report filed in connection with the matters set forth above may be obtained by contacting Thomas Fairfull, 253-1885 Clements Road, Pickering, Ontario, L1W 3V4, Tel: (905) 619-9413.

Canadian Shield Holdings & Consulting Inc.

Immediately following completion of the Transaction, Canadian Shield's deemed beneficial ownership of Resulting Issuer Class B Shares decreased to below 10% on an undiluted and partially diluted basis.

After the Consolidation and 0755 Amalgamation and immediately prior to the completion of the Transaction, Canadian Shield had aggregate control over 2,884,687 Shellco Shares, representing 72.12% of the outstanding Shellco Shares on an undiluted and partially diluted basis. Immediately following the completion of the Transaction, Canadian Shield had aggregate control over 2,884,687 Resulting Issuer Class B Shares, representing 3.24% of all issued and outstanding Resulting Issuer Class B Shares.

The Resulting Issuer Class B Shares held by Canadian Shield, are being held for investment purposes. In the future, Canadian Shield may evaluate its investment in the Resulting Issuer from time to time and may, depending on various factors including, without limitation, the Resulting Issuer's financial position, the price levels of the Resulting Issuer Class B Shares, conditions in the securities markets and general economic and industry conditions, the Resulting Issuer's business or financial condition, and other factors and conditions that Canadian Shield may deem appropriate, increase, decrease or change its ownership over the Resulting Issuer Class B Shares or other securities of the Company. Canadian Shield and any joint actors, as applicable have no current intention to acquire control or direction over additional securities of the Company as of the date of this news release, either alone or together with any joint actors.

A copy of the applicable securities report filed by Canadian Shield in connection with the matters set forth above may be obtained by contacting Robert Longo, 705-1407 Royal York Road, Toronto, ON Tel: 416-258-3059.

Further Information

A listing statement dated June 18, 2025, has been prepared in respect of the Transaction which

has been filed on SEDAR+ at www.sedarplus.ca under the profile of the Resulting Issuer.

For further information, please contact:

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Investors are cautioned that, except as disclosed in the management information circular or filing statement prepared in connection with the Transaction, any information released or received with respect to the Transaction may not be accurate or complete and should not be relied upon. Trading in the securities of the Resulting Issuer should be considered highly speculative.

Cautionary Note Regarding Forward-Looking Information

This press release contains statements which constitute “forward-looking information” within the meaning of applicable securities laws, including statements regarding the plans, intentions, beliefs and current expectations of the Resulting Issuer with respect to the continuance of the Resulting Issuer to the Province of Ontario and the potential listing of the Resulting Issuer Class B Shares on the CSE, future business activities and operating performance. Forward-looking information is often identified by the words “may”, “would”, “could”, “should”, “will”, “intend”, “plan”, “anticipate”, “believe”, “estimate”, “expect” or similar expressions and includes information regarding: expectations regarding whether the Resulting Issuer will be continued to the Province of Ontario and whether the Resulting Issuer Class B Shares will be listed on the CSE, and that applicable stock exchange approvals will be obtained.

Investors are cautioned that forward-looking information is not based on historical facts but instead reflect management of the Resulting Issuer's expectations, estimates or projections concerning future results or events based on the opinions, assumptions and estimates of management considered reasonable at the date the statements are made. Although the Resulting Issuer believes that the expectations reflected in such forward-looking information are reasonable, such information involves risks and uncertainties, and undue reliance should not be placed on such information, as unknown or unpredictable factors could have material adverse effects on future results, performance or achievements of the company. Among the key factors

that could cause actual results to differ materially from those projected in the forward-looking information are the following: the ability to obtain requisite regulatory and other approvals and the satisfaction of other conditions to the continuation of the Resulting Issuer to the Province of Ontario and the listing of the Resulting Issuer Class B Shares on the CSE as proposed and on schedule; the potential impact of the announcement or consummation of the Transaction on relationships, including with regulatory bodies, employees, suppliers, customers and competitors; changes in general economic, business and political conditions, including changes in the financial markets; changes in applicable laws; compliance with extensive government regulation; and the diversion of management time. This forward-looking information may be affected by risks and uncertainties in the business of the Resulting Issuer and market conditions.

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

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