

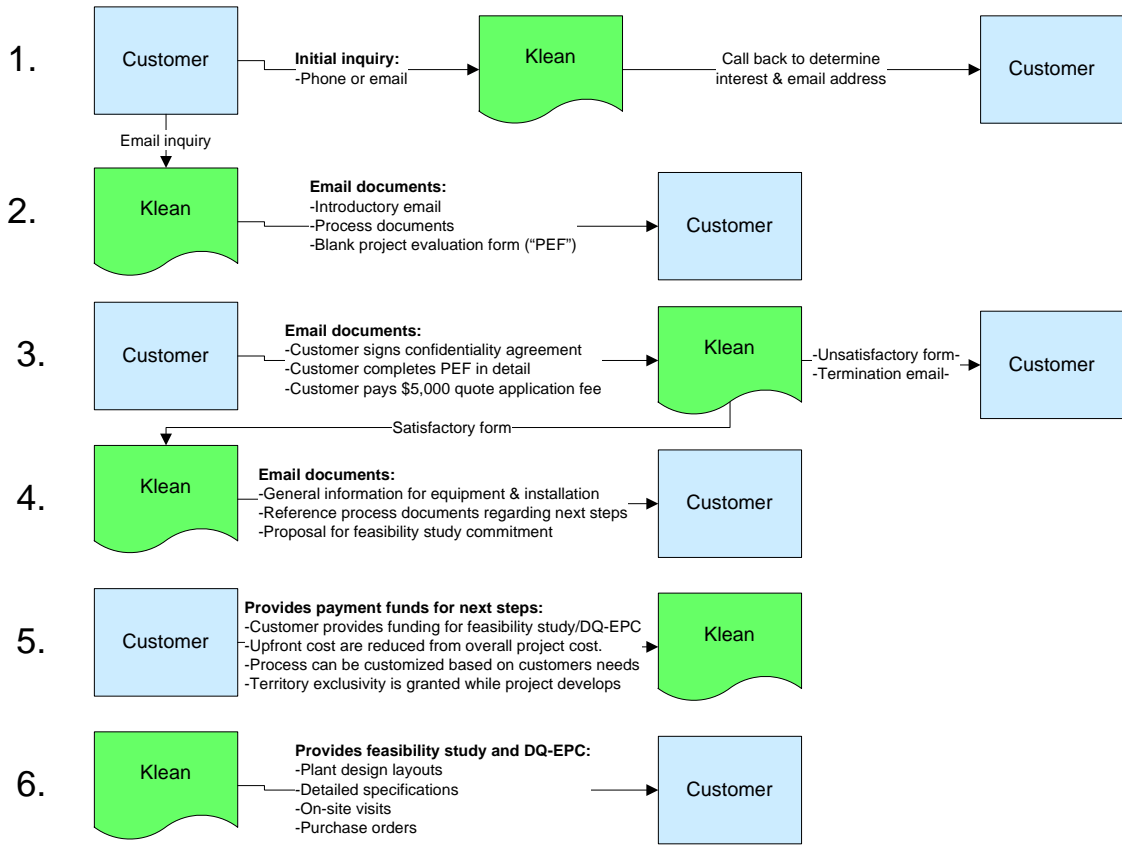


**Klean** Industries  
Renewable energy, resource recovery & recycling

# “Project Process Policy”

[www.kleanindustries.com](http://www.kleanindustries.com)

# Section 1 Process Flowchart



## The Klean Project Process

Welcome to Klean Industries Inc., your one stop, environmentally conscious, energy Solutions Company. Based on our years of collect experience and project development we believe you'll enjoy getting a better understanding of how KI operates and builds projects. Not only do we own, design, engineer, manufacture and distribute one of the world's largest portfolios of patented pyrolysis and gasification based technologies we also service them globally. We are very pleased to provide our customers with cutting edge technologies that have been proven in some of the most demanding commercial applications in the market today.

This document outlines our detailed professional services and approach to developing and building new projects on time and within budget. KI strives to respond quickly and effectively to all inquiries. In order for KI to decide which technologies and solutions best suits a customer's needs, we have implemented a process that better enables us to accurately determine the customer's requirements as well as its capacity to successfully implement and operate the appropriate KI system and/or solution.

This process is as follows:

1. After KI is contacted we will send you a non-disclosure and non-circumvention agreement ("NDNCA") along with a Project Evaluation Form ("PEF"), which is essential for establishing a relationship with KI. As a first step all serious inquires start with the complete execution of the KI, NDNCA. This is company policy and is part of creating a file for your project and must be

completed prior to any discussions regarding our solutions, technologies and/or their applications. Please complete and sign the attached NDNCA and return it to [sales@kleanindustries.com](mailto:sales@kleanindustries.com).

We cannot over-emphasize the importance of completing the PEF in as much detail as possible. Without a clear understanding of your needs it will be impossible for KI to determine the exact solutions and systems configuration you require. Incomplete forms only lead to lengthy delays and frustration for both KI and yourself, so please take the time to carefully read and complete the form in detail.

2. Once KI has received a satisfactorily completed NDNCA and PEF, KI personnel will contact you for a pre-qualification consultation to review and discuss:
  - Nature of your project
  - Location of your project
  - Type of feedstock
  - Review of operations
  - Timing of your project
  - Funding status of your project
  - An initial US\$5,000 application fee is required which may be discounted on a case by case basis (includes optional finance application through KI and/or its partners).
3. After the initial consultation with the KI personnel and now that KI has a better understanding of the needs of your project, our personnel will begin to put together a detailed estimate of the technology, machinery, and project management & consulting services required to successfully bring your system into operation. Based on this review, the KI will forward a basic quotation (providing the US\$5,000 application fee has been made) for the size of the base system(s) that your project will require. Also included in this fee are 10 hours of Klean executive consultations. Please note that each quotation usually requires approximately 75 to 100 hours of sales and engineering time (depending on project size) to prepare our part by part quotation, which we included in the onetime upfront fee of US\$5,000.

At the same time our accounts department will also undertake preliminary due diligence on your firm to ensure that it has the financial capacity to complete a transaction with KI. If appropriate, we may also examine various ways your firm might finance the purchase of our solutions and technologies. It generally takes KI between 5 and 15 business days (depending on project size) to review the PEF and provide a basic non-binding quotation, together with an overview of the appropriate solutions, technology and equipment for your requirements.

4. After issuing the first quotation we will communicate with you several times to clarify the contents of the quotation. If you then wish to obtain a detailed quotation for complete engineering procurement construction ("DQ-EPC") with exact pricing, including balance of plant (BOP"), a significant amount of work will be required by both parties. In order to prepare a DQ-EPC quotation, KI requires both a Letter of Intent ("LOI") and a pre-payment financial commitment to complete a feasibility study on behalf of the customer so that KI can assure that the project has all of the required items necessary to enable the project to be successfully financed and completed. Keep in mind the information gained during the feasibility study enables your team to understand key Go/No-Go elements that are essential in making key decisions for successful project implementation.

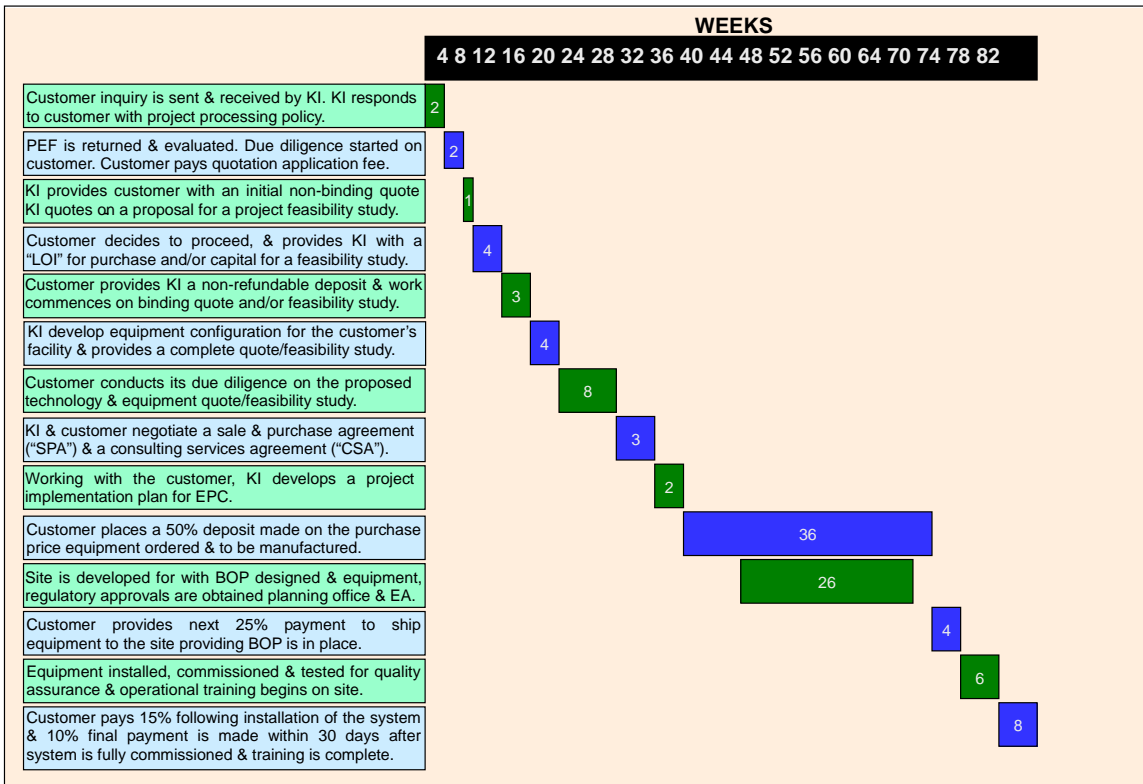
The LOI is the first step in establishing a binding relationship between KI and the customer, and the financial commitment ensures that the customer will focus on completing the transaction. The amount of the financial commitment varies from project to project but is approximately US\$100,000 or 1% of the initial quotation supplied (capped at US\$150,000).

Included in the upfront fee is a laboratory testing analysis of your feedstock which includes gas chromatography (GC) results from 3rd party laboratory testing facility so you know your results are independently verified. If more than one feedstock requires testing each additional test will cost approximately US\$1,500 per test. KI can provide more specifics on feedstock testing upon engagement of the feasibility study.

KI views prepayment as a mutual financial commitment to the success of the relationship we're creating with our customers. By paying up front, the customer commits to participating in the process, and we commit to providing value necessary to complete the project. The commitment is non-refundable but will be applied against the purchase price. The financial commitment confirms the customer's interest and covers a small portion of the costs associated with preparing the DQ-EPC and traveling to the customer's site to verify feedstock and environmental permitting compliance. Customers are responsible for their own travel costs to Vancouver or to any site to review KI's solutions and technologies.

5. After KI delivers the DQ-EPC and a feasibility study, the customer may undertake whatever due diligence it feels is necessary on the proposed solution, technology and equipment configuration. To complete the transaction, the customer will issue KI a purchase order and KI will prepare all legal documents associated with the purchase (typically a Sale & Purchase Agreement, Incentivized EPC Agreement and Warrantee Agreement).
6. Final legal documents are signed, and funds are transferred to complete the purchase. For most KI technologies and solutions, a down payment of 50% of the purchase price is required to commence production of the equipment, 25% is due prior to shipping, 15% after installation, and the remaining 10% is due within 30 days of the system being commissioned.

While the process can vary somewhat, it has been KI's experience that following this process will ensure that the customer obtains the appropriate system for its needs in an optimum timeframe. To have a system fully commissioned from start to finish typically takes 82 weeks and follows the following timeline (in weeks):



Sincerely,

Klean Industries Inc.