



# **ANNUAL INFORMATION FORM**

**FOR THE FISCAL YEAR ENDED MAY 31, 2022**

**DATED AS OF FEBRUARY 21, 2023**

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## TABLE OF CONTENTS

PRELIMINARY NOTES.....	1
CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION .....	1
GLOSSARY OF TERMS .....	2
1. CORPORATE STRUCTURE.....	11
2. GENERAL DEVELOPMENT OF THE BUSINESS .....	11
3. DESCRIPTION OF BUSINESS .....	24
4. DIVIDENDS AND DISTRIBUTIONS .....	39
5. DESCRIPTION OF CAPITAL STRUCTURE.....	40
6. MARKET FOR SECURITIES.....	41
7. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER.....	43
8. DIRECTORS AND EXECUTIVE OFFICERS .....	44
9. PROMOTERS .....	51
10. LEGAL PROCEEDINGS AND REGULATORY ACTIONS .....	51
11. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS .....	51
12. TRANSFER AGENT AND REGISTRAR .....	51
13. MATERIAL CONTRACTS.....	51
14. INTERESTS OF EXPERTS .....	51
15. ADDITIONAL INFORMATION .....	52
Schedule A – Audit Committee Charter	

## PRELIMINARY NOTES

In this Annual Information Form (“AIF”), Aduro Clean Technologies Inc. is referred to as the “Company” or “Aduro”. All information in this AIF is as of May 31, 2022, unless otherwise indicated. For additional information and details, readers are referred to the audited consolidated financial statements for the year ended May 31, 2022 and notes that follow, as well as the accompanying annual Management's Discussion and Analysis (“MD&A”), which are available on the Canadian Securities Administrator's SEDAR System at [www.sedar.com](http://www.sedar.com).

All dollar amounts in this AIF are expressed in Canadian dollars unless otherwise indicated.

## CAUTIONARY NOTE REGARDING FORWARD-LOOKING INFORMATION

Aduro cautions readers regarding forward-looking statements found in this document and in any other statement made by, or on the behalf of the Company. Statements contained in this AIF that are not historical facts are “forward-looking information” or “forward-looking statements” (collectively, “**Forward-Looking Information**”) within the meaning of applicable Canadian securities laws.

Forward-Looking Information includes, but is not limited to, disclosure regarding possible events, conditions or financial performance that is based on estimates and assumptions about future economic conditions and courses of action. The words “believes”, “expects”, “intends”, “projects” and “anticipates”, and other similar expressions, commonly identify such Forward-Looking Information.

Forward-Looking Information involves known and unknown risks, uncertainties and other factors which may cause the actual results, performance or achievements of the Company to be materially different from any future results, performance or achievements expressed or implied by the Forward-Looking Information. In this AIF, Forward-Looking Information includes, but is not limited to, the Company’s limited operating history upon which an evaluation of the Company and its prospects can be based; the Company’s ability to generate profits; the Company’s ability to manage growth; the adverse effect of competitors on the Company’s operation, strategies and profitability; the Company’s ability to successfully develop, protect and commercialize its technology; the operational risks against which the Company may not be insured against or for which insurance is not available; the impact of negative cash flows on the Company’s operations and how, if the Company is unable to obtain further financing, the Company’s business operations may fail; the impact of strong market fluctuation that can negatively affect the pricing of commodities such as biofuels or crude oils; the impact of government regulations that can negatively affect economic justifications and or models; other risks described in this AIF and described from time to time in our documents filed with Canadian securities regulatory authorities; and the impact COVID-19 has on the Company’s ability to raise capital, successfully develop, and commercialize its technology.

Accordingly, readers should not place undue reliance on Forward-Looking Information. Except as required by law, the Company does not assume any obligation to release publicly any revisions to Forward-Looking Information contained in this AIF to reflect events or circumstances after the date hereof or to reflect the occurrence of unanticipated events. The Forward-Looking Information in this AIF is based on management’s beliefs, estimates and opinions and is given only as of the date of this AIF, and is subject to a variety of risks, uncertainties and other factors that could cause actual events or results to differ materially from those anticipated in the Forward-Looking Information. Persons reading this AIF are cautioned that statements containing Forward-Looking Information are only predictions, and that the Company’s actual future results or performance are subject to certain risks and uncertainties. See the full list under the heading “*Risk Factors*” in this AIF.

The Forward-Looking Information contained in this AIF is expressly qualified by this cautionary statement. Readers are cautioned not to place undue reliance on Forward-Looking Information.

## GLOSSARY OF TERMS

In this AIF, including under “*Preliminary Notes*”, unless otherwise stated, the following capitalized words and terms have the following meanings:

“\$”	means Canadian dollars, unless otherwise specified;
“2021 Escrow Agreement”	means the escrow agreement, in substantially the form of Form 46-201F1, between the Company and certain Aduro Energy Securityholders as required by the policies of the CSE, dated April 23, 2021;
“Aduro” or the “Company”	means Aduro Clean Technologies Inc. which was formerly named Dimension Five Technologies Inc., which is the publicly-traded entity and was incorporated under the BCBCA on January 10, 2018;
“Aduro Discounted Share Price”	means the greater of (on a pre-Consolidated basis): (i) 0.65 times the volume weighted average trading price of the Shares for the five trading days prior to the First Milestone Achievement Date, and (ii) \$0.05;
“Aduro Energy Convertible Notes”	means convertible promissory notes issued by Aduro Energy Inc. which are convertible into Aduro Shares;
“Aduro Energy”	means Aduro Energy Inc.;
“Aduro Energy Intellectual Property”	means the Aduro Energy Licensed Intellectual Property and the Aduro Energy Owned Intellectual Property;
“Aduro Energy Noteholders”	means the holders of Aduro Energy Convertible Notes;
“Aduro Energy Securities”	means the Aduro Energy Shares and Aduro Energy Convertible Notes, and any other securities or other indebtedness of the Aduro convertible into Aduro;
“Aduro Energy Owned Intellectual Property”	means: (a) any item of Intellectual Property solely owned by the Aduro (including the patents and patent applications), and (b) any item of Intellectual Property in which the Aduro has or purports to have a joint or shared ownership interest;
“Aduro Energy Shares”	means the Class A Common Shares, Class B Common Shares and Class A Preference Shares, all without par value, in the capital of Aduro Energy;
“Aduro Energy Vendors”	means the holders of Aduro Energy Securities immediately prior to the Closing;
“Aduro Financing”	means the non-brokered private placement offering of Shares pursuant to which D5 raised gross proceeds of \$502,222 through the issuance of 10,044,440 (pre-Consolidation) Shares, at price of \$0.05 per Share;
“Aduro Finders Warrants”	means the outstanding share purchase warrants to purchase 54,000 pre-Consolidated Shares at an exercise price of \$0.07 per share (on a pre-Consolidation basis) which warrants expire on September 2, 2022;
“Affiliate”	means with respect to any specified Person at any time, each Person directly or indirectly, through one or more intermediaries, controlling, controlled by, or under

direct or indirect common control with, such specified Person at such time;

<b>“Amendment Agreement”</b>	means the agreement dated April 5, 2021 between the Company, Aduro Energy and the Aduro Energy Vendors to amend the terms of the Securities Exchange Agreement to: (1) remove the requirements under the First Milestone Protection Plan and the Second Milestone Protection Plan, including the condition requiring entry into the Restricted Stock Agreement in accordance with the First Milestone Protection Plan and the Second Milestone Protection Plan; (2) remove the requirement of D5 to issue 10,000,000 Options to directors, officers and consultants of D5 on Closing of the Transaction; and (3) added the requirement for D5 to issue an additional 8,440,087 (2,813,357 post consolidation) Consideration Warrants on the Closing as part of the Consideration Securities to be issued for the Purchase Price;
<b>“April 2022 Finder Warrants”</b>	means a Warrant issued to certain individuals by the Company pursuant to two tranches of a private placement that closed on April 8, 2022 and April 27, 2022 respectively;
<b>“April 2022 Share Warrant”</b>	means one Common Share purchase warrant issued by the Company pursuant to two tranches of a private placement that closed on April 8, 2022 and April 27, 2022 respectively;
<b>“April 2022 Unit”</b>	means units issued by the Company pursuant to two tranches of a private placement that closed on April 8, 2022 and April 27, 2022 respectively, with each unit comprised of one Common Share and one April 2022 Share Warrant;
<b>“Associate”</b>	has the meaning ascribed to it in the <i>Securities Act</i> (British Columbia), as amended;
<b>“Audit Committee”</b>	means the audit committee of the Company;
<b>“BCBCA”</b>	means the Business Corporations Act (British Columbia), as amended from time to time and including any regulations promulgated thereunder;
<b>“BCSC”</b>	means the British Columbia Securities Commission;
<b>“Board”</b>	means the board of directors of the Company;
<b>“Bridge Loan”</b>	means the bridge loan in the principal amount of \$500,000 advanced to Aduro Energy by the Company prior to the Closing, of which \$50,000 was advanced under the First Promissory Note, \$50,000 was advanced under the Second Promissory Note, \$15,000 was advanced under the Third Promissory Note, \$15,000 was advanced under the Fourth Promissory Note, \$20,000 was advanced under the Fifth Promissory Note, \$250,000 was advanced under the Sixth Promissory Note and \$100,000 was advanced under the Seventh Promissory Note, which funds are secured by the General Security Agreement, and which at Closing was deemed to be an inter-company loan between the Company and its subsidiary, Aduro Energy;
<b>“Business Day”</b>	means a day, other than a Saturday or a Sunday, on which banks are generally open for business in the city of Sarnia, Ontario, Canada;
<b>“CEO”</b>	means an individual who acted as the Company’s chief executive officer, or acted in a similar capacity, for any part of the most recently completed financial year;

<b>“CFO”</b>	means an individual who acted as the Company’s chief financial officer, or acted in a similar capacity, for any part of the most recently completed financial year;
<b>“Class A Special Warrants”</b>	means special warrants of the Company which are convertible for no additional consideration into Company Shares on a one-for-one basis upon the later of (i) the achievement of the First Milestone, and (ii) distribution by the Special Warrant Trustee in accordance with the terms of the Securities Exchange Agreement, and which shall expire 2 years from the Closing Date if the First Milestone is not achieved within 2 years from the Closing Date;
<b>“Class B Special Warrants”</b>	means special warrants of the Company which are convertible for no additional consideration into Company Shares on a one-for-one basis upon the later of (i) the achievement of the Second Milestone, and (ii) distribution by the Special Warrant Trustee in accordance with the terms of the Securities Exchange Agreement, and which shall expire 4 years from the Closing Date if the Second Milestone is not achieved within 4 years from the Closing Date;
<b>“Closing”</b>	means the closing of the Transaction, which occurred on April 23, 2021;
<b>“Closing Date”</b>	means the date of the Closing, being April 23, 2021;
<b>“Common Share” or “Share”</b>	means a common share without par value in the share capital of Aduro;
<b>“Computershare”</b>	means Aduro’s registrar and transfer agent, Computershare Investor Services Inc.;
<b>“Consideration Shares”</b>	the Purchaser Shares to be issued to the Aduro Energy Vendors at the Closing as part of the Purchase Price, and “Consideration Share” means any one of them;
<b>“Consideration Warrants”</b>	means the 2,813,357 non-transferable common share purchase warrants of the Company, included in the Consideration Securities comprising the Purchase Price, exercisable at a price of \$0.50 per Share on a post-Consolidation basis for a period of 48 months from the date of Closing, subject to an acceleration provision;
<b>“Consolidation”</b>	means the three (3) for one (1) consolidation of the Company’s capital which was completed on closing of the Transaction on April 23, 2021;
<b>“COO”</b>	means Chief Operating Officer;
<b>“CSE” or “Exchange”</b>	means the Canadian Securities Exchange;
<b>“CSE Approval”</b>	means the final approval of the CSE in respect of the listing of the common shares of the Company on the CSE, as evidenced by the issuance of the new listing bulletin of the CSE in respect thereof;
<b>“CTO”</b>	means Chief Technology Officer;
<b>“D5”</b>	means Dimension Five Technologies Inc.
<b>“Digitonic”</b>	means Digitonic Limited, a company based in Scotland;
<b>“Escrow Agent”</b>	means the Transfer Agent, in its capacity as escrow agent for the Shares held in

	escrow under the Escrow Agreements;
<b>“Escrow Agreement”</b>	means the 2021 Escrow Agreement;
<b>“Escrowed Securities”</b>	means the securities of the Company held in escrow by the Escrow Agent pursuant to the Escrow Agreement;
<b>“Exergy”</b>	means Exergy Solutions Inc., an Alberta company;
<b>“Financing Warrant”</b>	means each non-transferable common share purchase warrant included in each Unit sold in Second Aduro Financing exercisable at a price of \$0.167 each (\$0.50 on a post-Consolidation basis) for a period of 48 months from the date of closing of the Second Aduro Financing on February 4, 2021, subject to an acceleration provision;
<b>“First Financing”</b>	means a financing by the Company at a price of more than \$0.18 per Share by way of issuance of up to 13,888,888 Shares and resulting in gross proceeds received by the Company of at least \$2.5 million (on a pre-Consolidation basis);
<b>“First Milestone”</b>	means within 2 years of the Closing Date, the operation of a Show Room Unit to successfully obtain Product by application of Technology and validation of the same by Professor Paul Charpentier or such other independent third party agreed upon by the Company and Aduro Energy;
<b>“First Milestone Achievement Date”</b>	means the date on which Professor Paul Charpentier or such other independent third party agreed upon by the Company and Aduro Energy delivers its report to the Company validating that the Company has, through the operation of a Show Room Unit, successfully obtain Product by application of Technology;
<b>“First Milestone Protection Plan”</b>	means the protection plan in respect of the First Milestone which is set forth in the Securities Exchange Agreement;
<b>“First Milestone Restricted Shares”</b>	means the outstanding common shares of the Company and/or options to acquire common shares of the Company held by the Zimtu Group representing a total of 9,708,000 pre-Consolidation common shares;
<b>“First Promissory Note”</b>	means the promissory note from Aduro Energy to the Company in respect of the Bridge Loan in the amount of \$50,000 dated August 7, 2020;
<b>“Fifth Promissory Note”</b>	means the promissory note from Aduro Energy to the Company in respect of the Bridge Loan in the amount of \$20,000 dated December 02, 2020;
<b>“Fourth Promissory Note”</b>	means the promissory note from Aduro Energy to the Company in respect of the Bridge Loan in the amount of \$15,000 dated November 18, 2020;
<b>“Forward-Looking Information”</b>	means forward-looking information or forward-looking statements within the meaning of applicable Canadian securities laws;
<b>“General Security Agreement”</b>	means the general security agreement between Aduro Energy and the Company dated August 7, 2020 pursuant to which funds advanced under the Bridge Loan are secured by a security interest in all of Aduro’s Energy current and after acquired property, including the Aduro Energy Intellectual Property;
<b>“HBU”</b>	means Hydrochemolytic™ Bitumen Upgrading, a water-based technology

	developed by the Company;
<b>“HCT”</b>	means Hydrochemolytic™ Technology, a novel technology developed by the Company that deconstructs hard-to-recycle chain growth polymers at temperatures lower than those used in current technologies;
<b>“HPU”</b>	means Hydrochemolytic™ Plastics Upcycling, a water-based technology developed by the Company;
<b>“HRU”</b>	means Hydrochemolytic™ Renewables Upgrading, a water-based technology developed by the Company;
<b>“IC Agreement”</b>	means the consulting agreement between Investor Cubed and the Company dated February 8, 2022;
<b>“IP Agreement”</b>	means the consulting agreement between Investment Publishing and the Company dated June 29, 2022;
<b>“Intellectual Property”</b>	means the Aduro HCT platform, protected by eight patents described in section “3.1 <i>General Summary - Operational Highlights</i> ”;
<b>“Investment Publishing”</b>	means Investment Publishing LLC, a US company;
<b>“Investor Cubed”</b>	means Investor Cubed Inc., an Ontario company;
<b>“July 2022 Unit”</b>	means units issued by the Company on July 19, 2022 pursuant to a non-brokered private placement, with each unit comprised of one Common Share and one July 2022 Warrant;
<b>“July 2022 Warrant”</b>	means one-half of one Common Share purchase warrant issued by the Company on July 19, 2022 pursuant to a non-brokered private placement;
<b>“Letter of Intent”</b>	means the letter of intent dated July 13, 2020 between the Company and the Aduro Energy in respect of the Transaction;
<b>“Listing”</b>	means the listing of the Company’s Shares on the CSE on April 27, 2021;
<b>“Listing Statement”</b>	means this CSE Form 2A Listing Statement dated effective April 27, 2021;
<b>“MD&amp;A”</b>	means, collectively, the Management’s Discussion and Analysis of the Company dated May 31, 2022 and dated as of September 28 <sup>th</sup> , 2022;
<b>“Milestones”</b>	means, collectively, the First Milestone and the Second Milestone;
<b>“Mitacs”</b>	means Mitacs Accelerate Grants Program;
<b>“Name Change”</b>	means the change of D5’s name to “Aduro Energy Inc.” or such other name designated by Aduro Energy which meets the applicable statutory requirements;
<b>“Note Amending Agreements”</b>	means the agreements amending the Aduro Energy Convertible Notes;



<b>“NSERC”</b>	means the National Sciences and Engineering Research Council Alliance;
<b>“Option Plan”</b>	means the stock option plan of the Company;
<b>“Options”</b>	means options to acquire Shares pursuant to the Option Plan;
<b>“Person”</b>	means a company or individual;
<b>“Plan”</b>	means the Company’s new omnibus equity incentive plan, to replace the Option Plan;
<b>“Principal Vendor”</b>	means Ofer Vicus, the principal shareholder of Aduro Energy and one of the Aduro Energy Vendors;
<b>“Product”</b>	means, lighter petroleum oil obtained by upgrading heavier petroleum feedstocks or components thereof, or deoxygenated hydrocarbons obtained from upgrading renewable oil feedstocks, or liquid hydrocarbons obtained by upgrading of certain plastic or rubber feedstocks, where the upgrading is achieved by means of Technology;
<b>“Promissory Notes”</b>	means the First Promissory Note, Second Promissory Note, Third Promissory Note, Fourth Promissory Note, Fifth Promissory Note, Sixth Promissory Note, and Seventh Promissory Note, and includes any other promissory notes entered into by the Company in connection with the Bridge Loan;
<b>“Prospera”</b>	means Prospera Energy Inc., a Federal Corporation and a reporting issuer pursuant to the <i>Securities Act</i> (British Columbia);
<b>“Purchase Price”</b>	means the Consideration Shares and the Special Warrants to be issued as consideration for the Transaction;
<b>“Qualified First Financing”</b>	means the first financing of at least \$2,500,000 completed by the Company (on a pre-Consolidation basis);
<b>“Qualified Second Financing”</b>	means the first financing of at least \$4,500,000 completed by the Company after the Qualified First Financing (on a pre-Consolidation basis);
<b>“R2 Plastic”</b>	means the Company’s pilot-scale Hydrochemolytic™ continuous flow plastic;
<b>“Related Person”</b>	has the meaning ascribed to it in CSE Policy 1;
<b>“Reporting Issuer”</b>	has the meaning ascribed to it in the <i>Securities Act</i> (British Columbia), as amended;
<b>“Restricted Stock Agreement”</b>	means an agreement among the Company, Aduro Energy, Zimtu and each member of the Zimtu Group who owns any First Milestone Restricted Shares or Second Milestone Restricted Shares with respect to the securities subject to the First Milestone Protection Plan and the Second Milestone Protection Plan which will provide that Zimtu may choose the mix of shares/options to be purchased for cancellation thereunder;
<b>“RSUs”</b>	means a restricted share unit of the Company representing the right to receive one Common Share in the share capital of Aduro once vested;

<b>“SEDAR”</b>	means the System for Electronic Documents Analysis and Retrieval;
<b>“Second Aduro Financing”</b>	has the meaning ascribed to such term in “2.1 - <i>Three Year History – Financial Year Ended May 31, 2021</i> ”;
<b>“Second Milestone”</b>	means any one or more of the following within 4 years of Closing (on a pre-Consolidation basis): <ol style="list-style-type: none"> <li>1. A completed financial transaction with an institution which clearly has the capacity to finance Aduro Energy’s majority owned commercial operation of a manufacturing plant producing Product for commercial sale;</li> <li>2. Product produced by a manufacturing plant owned in part by Aduro Energy where Aduro Energy’s portion of the plant’s equity is at least \$2,000,000 greater than Aduro Energy’s investment;</li> <li>3. A third party entering into a license agreement with Aduro Energy in respect of the Technology which Aduro and such third party estimate will generate at least \$5,000,000 in revenue for Aduro Energy over a three year period;</li> <li>4. A third party equity investment in the Company of at least \$3,000,000 at a company pre-money valuation of \$40,000,000 or more;</li> <li>5. The total market capitalization of the Company remaining at or above \$65,000,000 for 19 out of any 20 consecutive trading days;</li> <li>6. The Company having completed a public offering or private placement raising at least \$4,000,000 at a minimum price per pre-Consolidation Share of \$0.35 (\$1.05 on a post-Consolidation basis), or a combination of grants, \$0.35 pre-Consolidation share offering (\$1.05 on a post-Consolidation basis) and other financing transaction raising at least \$4,000,000; or</li> <li>7. A third party enters into an agreement to acquire all of the issued and outstanding Company Shares at a minimum value of \$1.00 on a pre-Consolidation basis (\$3.00 on a post-Consolidation basis) per share;</li> </ol>
<b>“Second Milestone Achievement Date”</b>	means the date on which the Second Milestone is achieved by the Company;
<b>“Second Milestone Protection Plan”</b>	means the protection plan in respect of the Second Milestone which is set forth the Securities Exchange Agreement;
<b>“Second Milestone Restricted Shares”</b>	means (i) if any of the First Milestone Restricted Shares have been previously purchased for cancellation by the Company, outstanding common shares of the Company and/or options to acquire common shares of the Company held by the Zimtu Group representing a total of 907,150 pre-Consolidation common shares (302,383 post-Consolidation common shares) and (ii) if none of the First Milestone Restricted Shares have not been purchased for cancellation by the Company,

	outstanding common shares of the Company and/or options to acquire common shares of the Company held by the Zimtu Group representing a total of 6,307,000 pre-Consolidation common shares (2,102,333 post-Consolidation common shares);
<b>“Second Promissory Note”</b>	means the promissory note from Aduro Energy to the Company in respect of the Bridge Loan in the amount of \$50,000 dated August. 28, 2020;
<b>“Securities Exchange Agreement”</b>	means the Securities Exchange Agreement dated October 22, 2020 among Aduro Energy, the Aduro Energy Vendors and the Company;
<b>“Show Room Unit”</b>	means a pre-pilot reactor system successfully demonstrating the obtaining of Product by application Technology as validated by an independent third party;
<b>“Sixth Promissory Note”</b>	means the amended promissory note from Aduro Energy to the Company in respect of the Bridge Loan in the amount of amended amount of \$250,000 dated January 4, 2021;
<b>“Seventh Promissory Note”</b>	means the promissory note from Aduro Energy to the Company in respect of the Bridge Loan in the amount of \$100,000 dated March 4, 2021;
<b>“Special Warrants”</b>	means, collectively, the Class A Special Warrants and the Class B Special Warrants to be issued as part of the Purchase Price;
<b>”Special Warrants Formula”</b>	means the conversion formula, as set forth in the Note Amending Agreements, to determine the number of Class A Special Warrants to be issued to each Aduro Noteholder in which the number of Class A Special Warrants shall be equal to the Principal Amount of the Convertible Note plus the amount of accrued but unpaid interest thereon as of the First Milestone Achievement Date, divided by the Aduro Discounted Share Price;
<b>“Special Warrant Trustee”</b>	means Ofer Vicus, the CEO of the Company;
<b>“Stock Option Plan”</b>	means Aduro’s stock option plan;
<b>“Switch Energy”</b>	means Switch Energy Corp., an Ontario company;
<b>“Technology”</b>	means all of the technology owned, licensed, and used by Aduro for its processes and designs in respect of Hydrochemolytic™ applied to obtain Products;
<b>“Third Promissory Note”</b>	means the promissory note from Aduro Energy to the Company in respect of the Bridge Loan in the amount of \$15,000 dated October 26, 2020;
<b>“Transaction”</b>	means, collectively: (a) the acquisition by the Company of all of the issued and outstanding Aduro Energy Shares from the Aduro Energy Vendors; (b) the Name Change, and (c) all other transactions contemplated by the Securities Exchange Agreement;
<b>“Transfer Agent”</b>	means Computershare Investor Services Inc., the transfer agent of the Company;
<b>“Trust Shareholders”</b>	Means Zimtu, David Hodge, Chris Parr and Craig Murata;
<b>“Unit”</b>	means each unit of the Company issued in the Second Aduro Financing, each Unit

consisting of one Share and one Financing Warrant;

- “Voting Trust Agreement”** has the meaning ascribed to such term in “2.1 *Three Year History – Financial Year Ended May 31, 2021*”;
- “Voting Trust Shares”** means all of the common shares of D5 owned by the Trust Shareholders;
- “Warrants”** means Common Share purchase warrants of the Company;
- “Western”** means the University of Western Ontario;
- “Zimtu”** means Zimtu Capital Corp, a British Columbia company and a reporting issuer pursuant to the *Securities Act* (British Columbia);
- “Zimtu Group”** means Zimtu and/or any subsidiaries or affiliates of Zimtu;

## 1. CORPORATE STRUCTURE

### 1.1 Name, Address and Incorporation

The Company was incorporated under the BCBCA on January 10, 2018 under the name “Dimension Five Technologies Inc.” (“D5”). On April 23, 2021, on completion of the Transaction, the name was changed to “Aduro Clean Technologies Inc”.

The principal place of business is located at Suite 104, 1086 Modeland Road, Sarnia, Ontario, Canada, N7S 6L2. The registered records office is located at Suite 2300, Bentall 5, 550 Burrard Street, Vancouver, BC, Canada V6C 2B5 and its telephone number is 604 683-6498.

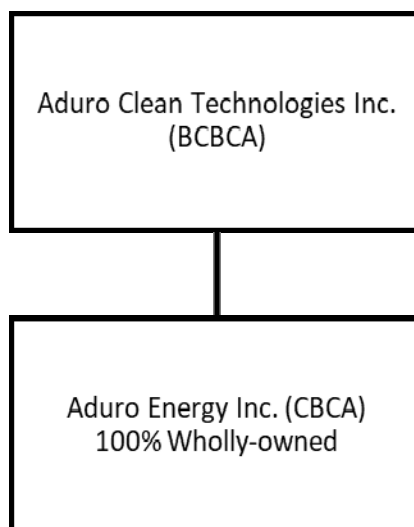
On April 23, 2021, the Company consolidated the issued and outstanding common shares (the “**Common Shares**”) on the basis of one (1) new share for every three (3) old shares (the “**Share Consolidation**”) resulting in a reduction in its issued and outstanding capital to 30,073,489 Common Shares as of April 23, 2021. The Company’s Common Shares reserved under its equity and incentive plans were adjusted to reflect the Share Consolidation. All Common Share and per share data presented in this AIF have been retroactively adjusted to reflect the Share Consolidation unless otherwise noted.

The Company’s common shares are listed on the CSE under the symbol “ACT”, the OTC Market Group Inc.’s OTCQB Venture Market under the symbol “ACTHF”, and the Frankfurt Exchange in Germany under the symbol “9D50”. Aduro is a reporting issuer in the provinces of British Columbia and Ontario.

### 1.2 Intercorporate Relationships

The Company has one wholly-owned subsidiary, Aduro Energy. The subsidiary was incorporated on December 15, 2011 under the federal laws of Canada and was acquired by the Company in the Transaction.

The following diagram presents the organizational chart of the Company, as of the date of this AIF:



## 2. GENERAL DEVELOPMENT OF THE BUSINESS

The Company was incorporated in the Province of British Columbia on January 10, 2018, under the *Business Corporations Act* (British Columbia). On February 12, 2019, the Company’s shares commenced trading on the Canadian Securities Exchange (“CSE”) under the symbol “DFT”. On April 27, 2021, in connection with the Transaction (as defined below), the Company’s shares were re-listed on the CSE under the symbol “ACT”. On

July 20, 2021, the Company's shares commenced trading on the OTCQB in the United States under the symbol "ACTHF" and on July 28, 2021, on the Frankfurt Exchange in Germany under the symbol "9D50". On April 23, 2021, the Company closed the transaction with Aduro and Aduro's security holders whereby the Aduro's security holders sold their shares to the Company such that all of the issued and outstanding common shares of Aduro are now wholly owned by the Company (the "**Transaction**"). As part of the closing of the Transaction, the Company changed its name to "Aduro Clean Technologies Inc." from Dimension Five Technologies Inc. From April 23, 2021, the Company's only activity was as a holding company and its only holding is the investment in Aduro. For additional information on the Transaction, please see the section of this MD&A entitled "Reverse Takeover" below.

Aduro is an early-stage, Ontario-based clean technology company that has developed a highly flexible chemical recycling platform featuring three water-based technologies: Hydrochemolytic™ Plastics Upcycling ("**HPU**"), Hydrochemolytic™ Bitumen Upgrading ("**HBU**"), and Hydrochemolytic™ Renewables Upgrading ("**HRU**"). As at of today, the Company owns through acquisition and development, eight patents, seven granted and one pending.

Aduro's future business model is based principally on licensing, royalties, and research and development. However, the Company is still investigating different business models that may be a better fit to its operations. Monetization of the Aduro Clean Technologies platform through licensing model reduces the Company's need for capital while enabling a pathway to commercialization that management of the Company believes is relatively straightforward, timely, and capital efficient.

Aduro is developing commercial partnerships by means of demonstration projects. Management believes this strategy has been demonstrated to be very effective for building a pipeline of customer interests and agreements. Deliverables include reports that detail: the technology; its performance; the key parameters and operational variables; economic considerations; operational considerations, and environmental considerations including greenhouse gases ("**GHG**") footprint and life cycle analysis. Among the intended business benefits are developing long-term customer and partner relationships, a better understanding of geographical territories behaviors and characteristics and the potential impact of the technology from an environmental, social, and governance ("**ESG**") criteria.

For Aduro's founders, Ofer Vicus, Chief Executive Officer ("**CEO**"), and Marcus Trygstad, Chief Technology Officer ("**CTO**"), the impetus for Aduro's formation was the vision to develop hydrothermal upgrading technology ("**HTU**") for upgrading heavy oils. But through scientific research and development efforts, Aduro's management found that HTU also could be applied beneficially in the seemingly unrelated fields of plastic and rubber tire upcycling and renewable oil upgrading. Moreover, discoveries made while pursuing those new applications provided management with deeper insights into fundamental chemistry, including operating in connection with the original work on heavy oil. From this work, developed the current, versatile Aduro HCT platform, which is protected by eight patents (7 granted and one pending) (the "**Intellectual Property**"). With support from industry partners as early as 2015, Aduro's pre-pilot demonstration projects have provided validation of HCT in key applications to support pre-commercial, pilot-scale demonstrations.

Aduro currently directs its HCT platform toward these three principal application areas. Aduro's technology transforms lower-value feedstocks into useful, higher-value chemical feedstocks and fuels. Although Aduro's technology can be implemented in stand-alone operations, management believes its greatest economic relevance and impact is achieved through integration into thermal operation infrastructure at existing plants. Accordingly, Aduro aims to create strategic partnerships to demonstrate and implement the technology through licensing arrangements.

## 2.1 Three Year History

### June 1, 2022 to Effective Date

On February 2, 2023, the Company provided a progress update on its joint research project "Tuning Supercritical Fluids for Polymer Recycling to Monomers and Chemicals". The three-year research project, led by Dr. Paul A. Charpentier and Dr. Cedric L. Briens of University of Western Ontario ("Western University"), began in January 2023. As at February 2, 2023, the principal investigators have recruited a team of 6 research members who started working on the first-year project deliverables. In year one of the project, the research team will conduct a thorough review of the literature on intrinsic and extrinsic contaminants in different plastics and composites. They will also design, build, and commission a view cell reactor system to study different types of plastics. Additionally, experiments will be performed in a batch reactor system to optimize the understanding of the behaviour of additives and fillers, as well as the study of the solubility of chain and step-growth plastics in different solvents. The ultimate objective is to determine the interactions and product quality of mixed plastics for upcycling.

On December 29, 2022, the Company granted an aggregate of 2,075,000 stock options to purchase up to 2,075,000 common shares of the Company to certain directors, officers, employees and consultants of the Company. The options are exercisable for a period of 5 years from the date of grant at a price of \$1.00 per common share. A total of 1,775,000 options will vest on a monthly basis over a period of two years from the date of grant and 300,000 options will vest immediately. The Company also announces that it has awarded 150,000 restricted share units ("RSUs") of the Company to an officer of the Company pursuant to the Company's new Omnibus Equity Incentive Plan (the "Plan") which will be brought before the shareholders for ratification and approval at the Company's next annual general meeting. Each RSU represents the right to receive, once vested, one Common Share in the capital of the Company. All of the RSUs will vest immediately upon the date of award.

On December 15, 2022, the Company announced that since September 1, 2022, it has received total proceeds of \$1,109,103 from the exercise of 1,638,390 warrants at an exercise price of \$0.50, 118,635 warrants at an exercise price of \$0.80, and 300,000 stock options at an exercise price of \$0.65. Accordingly, the Company issued 2,057,025 common shares upon exercise of the warrants and stock options. The \$0.50 warrants were issued pursuant to a private placement that closed on February 4, 2021 and had an expiry date of February 4, 2025. The \$0.80 warrants were issued pursuant to a private placement that closed on May 14, 2021 and had an expiry date of May 14, 2023.

On December 1, 2022, the Company announced it had completed construction and mechanical assembly of its pilot-scale Hydrochemolytic™ continuous flow plastic ("R2 Plastic") reactor. Plans for testing and certifications are in place and final certification by the Technical Standard and Safety Authority (TSSA) is progressing with registration expected later this month. Once certified, the reactor unit will be moved to the newly expanded laboratory in London, Ontario for final testing and commissioning. The R2 Plastic unit is the Company's customer engagement unit and is designed to handle various plastic feedstocks such as polyethylene, polypropylene, and polystyrene as single-stream materials, followed by a mixture of these feedstock streams. The R2 Plastic will also be used to evaluate the impact of materials found in multilayer plastics, such as paper, paper board, polymeric materials, metalized layers, and aluminum foil, effectively advancing Aduro's plans of processing higher contaminated materials which are currently rejected by existing technologies. This is important data that will support the Company's established scale-up and optimization program for the scaled-up pilot: R3 Plastic.

During 2022, the Company undertook several projects including the construction of both the plastic upcycling and bitumen upgrading reactor units, the construction of a flash drum unit for pre-processing bitumen feedstock, and the expansion of laboratory facilities and laboratory capabilities that will centralize the Company's resources for more efficient execution of our R&D, scale-up and commercialization plans. Completion of these projects positions the Company to execute in 2023 the R2 Reactor research and testing optimization program,

the implementation of the customer engagement program and the delivery of reactor unit design, equipment procurement, fabrication, and commissioning of the scaled-up pre-commercial R3 Reactor unit.

On November 3, 2022, the Company announced the successful selection and acceptance into the Shell GameChanger program. Shell GameChanger is an accelerator program designed to partner with businesses to deliver innovative solutions that have the potential to drastically impact the future of energy and the transition to net-zero emissions. Following a rigorous selection process, Aduro has been selected by the Shell GameChanger program to apply its novel Hydrochemolytic™ Technology (“HCT”) to produce sustainable naphtha cracker feedstock from polyethylene (“PE”), and polypropylene (“PP”), individually or on a mixed basis, and to also convert polystyrene (“PS”) into useful platform chemicals. HCT deconstructs hard-to-recycle chain growth polymers at temperatures lower than those used in current technologies. While legacy technologies produce complex product mixtures that require excess investment of resources for further processing and purification, HCT is expected to create higher-value, saturated products from PE and PP, in high yield and purity using lower energy, and to be more tolerant to feedstock contaminants. The HCT final output may be then directly used for the production of new plastics in support of full circularity. To support the project, Shell will contribute non-dilutive funding with the contribution payments being spread over six project phases, each phase and associated payment being contingent on meeting the objectives set for the previous phase. In addition, the Company anticipates that Shell will provide technical expertise to help Aduro develop reliable process designs and optimize the HCT technology for commercial implementation. Shell GameChanger will also mentor Aduro in developing its commercial strategy and market position. Aduro’s project with Shell GameChanger is a 12 month, 6 phase project, starting from small scale batch reactors, moving through a continuous flow reactor and into design basis of commercial style facilities. The project is devised to support the rapid movement of the process to commercialization while reducing the developmental risk for the technology.

On October 27, 2022, a joint research project by the Company, in partnership with the Western University, entitled "Tuning Supercritical Fluids for Polymer Recycling to Monomers and Chemicals," has been approved and awarded \$1.15 million in non-repayable funds by the National Sciences and Engineering Research Council (“NSERC”) Alliance and Mitacs Accelerate Grants Program (“Mitacs”). Over the duration of the project, Aduro will contribute \$382,500 (plus applicable taxes) with NSERC and Mitacs contributing a total of \$1,147,500. The research project commenced in November 2022 and will continue for a period of three years.

During the month of October 2022, 300,000 options were exercised at an exercise price of \$0.65 and 662,649 warrants were exercised at an exercise price of \$0.50 for total proceeds of \$526,325. During the month of September 2022, 75,000 options were cancelled.

On September 12, 2022, the Company entered into a letter of intent with Prospera Energy Inc. (“Prospera”), with the purpose of collaborating to pilot the HBU process on Prospera wells to assess the commercial application. The pilot will consist of three phases. In consideration for the services to be provided in phase one, Prospera will pay the Company a monthly fee of \$25,000, with the total fees for the completion and delivery of phase one capped at \$125,000 plus applicable taxes. Phases two and three will be assessed and mutually agreed to separately, subsequent to the completion of phase one.

On July 19, 2022, the Company closed a non-brokered private placement offering of units. The Company issued 2,599,579 units (the “**July 2022 Unit**”) at a price of \$0.72 per July 2022 Unit for aggregate gross proceeds of \$1,871,697. Each July 2022 Unit is comprised of one Common Share and one-half of one Common Share purchase warrant (each full warrant, a “**July 2022 Warrant**”). Each July 2022 Warrant entitles the holder to acquire one Common Share at a price of \$1.00 per share, for a period of two years from the date the July 2022 Units are issued. If during the exercise period of the warrants, but after the resale restrictions on the shares have expired, the Company's shares trade at or above a closing price of \$1.25 per share for ten (10) consecutive trading days, the Company may accelerate the expiry time of the July 2022 Warrants by giving written notice to the holders of the July 2022 Warrants by dissemination of a news release that the July 2022 Warrants will expire 30 days from the date of providing such notice. No finders' fees were paid in connection with the closing.



On June 29, 2022, the Company announced the expansion of its laboratory facilities to accelerate its research and scale-up capabilities and to increase its capacity to host potential customer trials and demonstrations. The expanded lab is in the Newbold Business Park in London, Ontario. The multi-tenant complex is zoned light industrial. The 4,371 ft<sup>2</sup> facility will accommodate renovated offices, modern laboratory space, new additional analytical equipment, and will host the bench scale Hydrochemolytic™ continuous flow plastic upcycling reactor (“**R2 Plastics**”).

On June 29, 2022, the Company entered into an investor relations agreement with Investment Publishing LLC (“**Investment Publishing**”) to provide investor relations services. The consulting agreement (the “**IP Agreement**”) provides for a fee of \$8,000 per month. The IP Agreement will continue on a monthly basis for twelve months and either party may terminate the IP Agreement by providing 30 days written notice. On June 20, 2022, 150,000 Options were granted to the principal of Investment Publishing in his capacity as a consultant of the Company.

On June 20, 2022, the Company granted 550,000 stock options to purchase up to 550,000 common shares in the capital of the Company to an officer of the Company and a consultant in accordance with the Company’s Stock Option Plan. Of the 550,000 options, 400,000 options were granted to the officer of the Company and are exercisable for a period of 10 years and 150,000 options were granted to the consultant and are exercisable for a period of 2 years, unless terminated pursuant to the terms of the stock option plan. The options are exercisable at \$0.70 per share. The options granted to the officer vest monthly over 24 months. The options granted to the consultant vest monthly over 12 months.

### **Financial Year Ended May 31, 2022**

On May 2, 2022, Donnacha Rahill resigned as CFO and Secretary of the Company. Also, effective May 2, 2022, Mena Beshay was appointed as CFO and Secretary of the Company.

On April 8, 2022, the Company issued 2,226,036 units (the “**April 2022 Unit**”) at a price of \$0.70 per April 2022 Unit for aggregate gross proceeds of \$1,558,225. On April 27, 2022, the Company issued 1,134,916 April 2022 Units for aggregate gross proceeds of \$794,441. Including both tranches, the cumulative April 2022 Units issued were 3,360,952 for gross proceeds was \$2,352,666. Each April 2022 Unit was comprised of one common share of the Company and one Common Share purchase warrant (each, a “**April 2022 Share Warrant**”). Each April 2022 Share Warrant entitles the holder to acquire one additional common share at a price of \$1.00 per common share, for a period of two years from the closing date. The warrants are also subject to an acceleration right held by the Company if the shares have a closing price of \$1.25 or greater per common share on the Canadian Securities Exchange (or such other exchange on which the Shares may be traded at such time) for a period of ten (10) consecutive trading days at any time from the date that is four months and one day after the closing date. The Company paid \$109,784 in finder's fees, paid \$43,052 in legal fees recorded as share issuance cost, and issued 153,620 finder's warrants (the “**April 2022 Finder Warrants**”) to certain finders in connection with the Offering. Each April 2022 Finder Warrant is exercisable into one share at a price of \$1.00 per common share for a period of two years after the closing date.

On March 29, 2022, the Company entered into a letter of intent with Switch Energy Corp. (“**Switch Energy**”), a recycler and operator participating in Canada’s agricultural and industrial film recycling program by owning and operating the largest collection program for agricultural waste in the province of Ontario. The project is a stage-gated plan with three main phases. Phase one, which commenced immediately after entering the LOI, includes the design and development of a pre-treatment process and unit to handle agricultural waste plastics, test runs, and process optimization, and the provision of the feedstock required. Phase two includes the design, building, and commissioning of the pilot plant. Phase three will detail the framework for expanding the pilot project into a post-pilot commercial phase. Plans for the pilot are to start with waste polyethylene from agricultural waste followed by polypropylene and then to demonstrate the technological benefits of processing waste polystyrene. The small-scale design represents an opportunity to provide a cost-effective solution to the agricultural waste sector. Harvesting value from this waste resource while avoiding fuel, emissions, and other environmental costs

associated with the processing and transporting to centralized facilities, incineration, or landfill. The pilot plant will be scaled at a tons-per-day capacity.

On February 8, 2022, the Company engaged Investor Cubed Inc. (“**Investor Cubed**”) to provide financial consulting and investor relations services in Canada. The consulting agreement (the “**IC Agreement**”) provides for a fee of \$7,500 per month and the granting of 300,000 options on February 7, 2022, vesting quarterly, in equal installments. The IC Agreement will continue monthly for twelve months. Thereafter either party may terminate the IC Agreement, by providing 30 days written notice on or before each three-month period end.

On January 18, 2022, there was a convertible note with a US\$4,200 and interest payable of US\$4,896 outstanding to one of the key management personnel that was extinguished following the achievement of the first milestone by the Company issuing 21,054 common shares with a fair value of \$16,633. Accrued interest recognized as an expense on this convertible note for the year ended May 31, 2022, was \$435.

On January 18, 2022, Aduro Energy achieved the First Milestone upon receipt of a report covering Aduro’s patented chemical conversion technology issued by Dr. Paul Charpentier, an expert in chemistry and alternative energy applications. Accordingly, 13,333,328 Class A Special Warrants held by the Special Warrants Trustee were deemed to be distributed in accordance with the Securities Exchange Agreement and were automatically converted on a one-for-one basis into Common Shares for no additional consideration and were subsequently distributed to the former security holders of Aduro Energy Inc. Furthermore, 13,333,328 Class B Special Warrants also held by the Special Warrants Trustee were distributed in accordance with the terms of the Securities Exchange Agreement and will only be converted into Common Shares upon achievement of the Second Milestone, at which point the Class B Special Warrants will be convertible into Common Shares for no additional consideration on a one-for-one basis. A total of 10,492,321 of the Common Shares issued on the conversion of Class A Special Warrants and 11,414,864 of the Class B Special Warrants were distributed to Company insiders.

On January 11, 2022, Gene Cammack was appointed COO of the Company.

On December 2, 2021, the Company announced that the Company’s scientists had completed their work in support of the First Milestone and the details of this work have been summarized in a report and submitted for third-party evaluation.

On November 9, 2021, the Company entered into discussions with Switch Energy. The goal of these discussions is to develop a framework whereby the two companies can work together to design, build, install, and operate a pilot plant to process waste polyethylene and other types of waste plastics, such as polypropylene. Switch Energy has over a decade of experience with the collection of agricultural waste, design and development of plastic washing, mechanical shredding, feed systems setup, and product offtake sales and marketing, making it the ideal partner for this pilot plant. Aduro will provide expertise in the HCT process design, including identifying optimal finished product specifications and engagement with the chemical and petrochemicals industry for long-term offtake engagement.

On November 2, 2021, the Company entered into partnership discussions with Brightlands Chemelot Campus (“**Brightlands**”), an international shared innovation community located in Limburg, the Netherlands. The objective of the proposed partnership is to complete an installation that applies HCT to demonstrate, on a tons per day scale, the conversion of post-consumer polyethylene to useful feedstock for chemical processes. Interest in this project by Brightlands is a result of its comprehensive and detailed review of HCT. The review concluded that HCT offers distinct advantages over traditional pyrolysis for bringing polyethylene into the circular economy through chemical recycling to obtain valuable, high-purity products, such as value-added chemicals or feedstock for production of new, virgin polyethylene.

On July 28, 2021, the Company’s Common Shares began trading on the Frankfurt Exchange in Germany under the symbol “9D50”.

On July 27, 2021, the Company entered into an agreement with Digitonic Limited (“**Digitonic**”) to provide marketing and investor relations services. Digitonic, a mobile marketing and investor relations firm based in Glasgow, Scotland, will provide content creation, distribution, and advertising services focused on the North American market. Under the terms of the agreement, Digitonic will provide services to the Company for US\$216,000 in cash for a period of six weeks. The term of service will commence after Aduro announces the successful demonstration of the Company’s HCT for upgrading heavy petroleum feedstock to lighter petroleum oil using its continuous-flow pre-pilot reactor to be witnessed and validated by a third party.

On July 20, 2021, the Company’s Common Shares began trading on the OTC Market Group Inc.’s OTCQB Venture Market under the symbol “ACTHF”.

On June 21, 2021, the Company announced that it has retained Volt Strategic Partners Ltd. as its capital markets and communications advisor and Venture Liquidity Providers Inc. for market-making services. The former is retained to support the Company grow its organizational value and accelerate its market appreciation. The latter intends to buy and sell shares of the Company on the CSE for the purposes of maintaining an orderly trading market and improving liquidity of the Company’s shares. The Company will pay Volt Strategic Partners an aggregate amount of \$65,000 over three months for their services. Venture Liquidity Providers will receive \$5,000 per month for a period of three months, continuing on a month-to-month basis thereafter. In addition, Venture Liquidity Providers has been granted 50,000 Options, exercisable for a period of two years at market price of \$0.80 per share, which will vest only upon satisfactory completion of the initial three-month term.

#### **Financial Year Ended May 31, 2021**

On May 25, 2021, the Company announced that it has appointed National Capital Markets to provide public relations and investor relations services. The Company will pay a monthly fee of \$11,000 for ongoing strategic communication services. The Company also announced that it has granted Options to Park Place Limited entitling them to purchase an aggregate of 200,000 Common Shares of the Company at an exercise price of \$0.76 per Common Share until May 20, 2023.

On May 14, 2021, the Company issued an aggregate of 3,816,869 Units of the Company at a price of \$0.55 per Unit, with each Unit consisting of one Common Shares and one-half of one Warrant, with each Warrant being exercisable to acquire one Common Share at an exercise price of \$0.80 per Common Share for a term of 24 months from the date of issuance following the closing of the private placement. The Warrants are also subject to an acceleration right held by the Company if the Common Shares have a closing price of over \$1.00 per Common Share for a period of ten (10) trading days on the CSE (or such other exchange on which the Common Shares may be traded at such time) for a period of ten (10) consecutive trading days at any time from the date that is four months and one day after the closing of the private placement. All securities issued pursuant to the private placement are subject to applicable resale restrictions, including a four month hold from the date of issuance. The net proceeds from the offering will be used for advancement of commercialization of the Aduro Energy Hydrochemolytic platform, patent management, and general working capital purposes.

On April 30, 2021, the Company granted incentive stock options to certain of its directors, officers, employees and consultants entitling the optionees to purchase an aggregate of 3,549,999 Common Shares of the Company. The options were granted pursuant to the Stock Option Plan and are exercisable for a period of 10 years ending on April 30, 2031 at an exercise price of \$0.65 per common share, being the closing market price of the Common Shares on the date of grant of the options.

On April 27, 2021, the Company received the CSE Approval where on March 22, 2021, the Company received the conditional approval of the CSE in connection with the Listing.

On April 23, 2021, the Principal Vendor and the Trust Shareholders entered into the Voting Trust Agreement, pursuant to which the Principal Vendor was granted comprehensive voting rights with respect to all of the common shares of the Company owned by the Trust Shareholders, being an aggregate of 9,833,335 pre-

Consolidation Voting Trust Shares, which voting rights shall last until the earliest to occur of (i) the First Milestone Achievement Date and (ii) the date which is six months following the effective date of the voting trust agreement. In connection with and prior to the Closing of the Transaction, the Company advanced a total of \$500,000 to Aduro Energy under the Bridge Loan pursuant to the Promissory Notes. The Bridge Loan was secured against the Aduro Energy Intellectual Property pursuant to the General Security Agreement. On Closing, the Bridge Loan became an inter-company loan.

In connection with the Closing, the Company changed its name to Aduro Clean Technologies Inc. and agreed to cause the Company's board of directors to be reconstituted to consist of four (4) directors, one (1) of which was to be Chris Parr, who was a current director of the Company, as nominee of the Company, and three (3) of which would be nominees of Aduro Energy, including Ofer Vicus, provided that each nominee for the Board was eligible to serve as a director of the Company under applicable laws and was acceptable to the CSE. However, since there were only three elected directors of the Company on Closing, the Board was reconstituted to consist of only four (4) directors, being the maximum number authorized under applicable corporate laws, one (1) of which was Chris Parr, a nominee of the Company and a current director of Aduro, and three (3) of which were nominees of Aduro Energy, including the Ofer Vicus, William Marcus Trygstad and Peter Kampian.

On Closing, the officers of Aduro who did not continue as officers of the Company resigned, without payment or liability to the Company or Aduro Energy. The officers of the Company were reconstituted to consist of Ofer Vicus as CEO, William Marcus Trygstad as CTO, and Donnacha Rahill as CFO and Secretary.

Pursuant to the Securities Exchange Agreement, the Company had also been permitted to grant a total of 10,000,000 per-consolidation Options at Closing with a term of 3 years to the then existing directors, officers and consultants of Aduro, which Options would vest and become exercisable as follows:

- one-third of the Options would vest on Closing and be exercisable at a pre-consolidation price of \$0.10 per Share;
- one-third of the Options would vest on closing of the Qualified First Financing with the exercise price of such options being equal to the share or unit price of said Qualified First Financing, and
- one-third of the Options would vest on closing of the Qualified Second Financing with the exercise price of such options being equal to the share or unit price of said Qualified Second Financing. However, pursuant to the Amendment Agreement, the Company, Aduro and the Principal Vendor agreed to remove the right of Aduro to issue the Options to the directors, officers and consultants of the Company at Closing.

The Transaction was completed pursuant to available securities law exemptions under applicable legislation. The Closing occurred on April 23, 2021. In connection with the completion of the Transaction, an aggregate of 40,000,000 pre-Consolidation Consideration Shares were issued to the Aduro Energy Vendors at a deemed price of \$0.05 per Consideration Share and 80,000,000 pre-Consolidation Special Warrants, which are divided equally between Class A Special Warrants and Class B Special Warrants, were issued at a deemed price equal to the Aduro Discounted Share Price.

The Special Warrants were convertible for no additional consideration into Company Shares on a one-for-one basis upon the later of (i) the achievement of the First Milestone, in the case of the Class A Special Warrants, or the achievement of the Second Milestone, in the case of the Class B Special Warrants, as applicable, and (ii) the distribution of the Special Warrants by the Special Warrant Trustee.

The Special Warrants were held in trust by the Special Warrant Trustee until distributed to the Aduro Energy Noteholders and Aduro Energy Vendors upon the Company's achievement of the Milestones in the development of the Aduro Energy Business. On January 20, 2022, the Company announced that a total of 13,333,328 Class A Special Warrants held by the Special Warrants Trustee were deemed to be distributed in accordance with the Securities Exchange Agreement upon achievement of the First Milestone and were automatically converted on a

one-for-one basis into Common Shares for no additional consideration and were distributed to the former security holders of Aduro Energy Inc.

Furthermore, 13,333,328 Class B Special Warrants which were also held by the Special Warrants Trustee were distributed in accordance with the terms of the Securities Exchange Agreement and will be converted into Common Shares upon achievement of the Second Milestone, at which point the Class B Special Warrants will be convertible into Common Shares for no additional consideration on a one-for-one basis. A total of 10,492,321 of the Common Shares issued on the conversion of Class A Special Warrants and 11,414,864 of the Class B Special Warrants were distributed to Company insiders.

Additional information about the distribution of Class A Special Warrants and Class B Special Warrants is provided under “Section 2.2 – *Significant Acquisitions*”.

Immediately following the Closing of the Transaction and pursuant to the terms of the Second Aduro Financing, the Company completed the Consolidation of its issued and outstanding share capital on a ratio of three (3) to one (1).

On April 5, 2021, the Company, Aduro and the Aduro Vendors entered into the Amendment Agreement which (1) removed the requirements under the First Milestone Protection Plan and the Second Milestone Protection Plan, including the condition requiring entry into the Restricted Stock Agreement in accordance with the First Milestone Protection Plan and the Second Milestone Protection Plan, (2) removed the requirement of the Company to grant 10,000,00 pre-consolidation options to directors, officers and consultants of Aduro on Closing and (3) provided for the grant of an additional 8,440,087 pre-consolidation Consideration Warrants to be included in the Consideration Securities to be issued for the Purchase Price.

On February 4, 2021, D5 completed the Second Aduro Financing pursuant to which it issued an aggregate of 16,898,174 pre-Consolidation Units at a price of approximately \$0.083 per pre-Consolidation Unit for gross proceeds of \$1,402,549. Each pre-Consolidation Unit sold in the Second Aduro Financing was comprised of one Share and one non-transferable common share purchase warrant (each, a “**Warrant**”) with each Warrant exercisable at a price of \$0.167 each (\$0.50 on a post-Consolidation basis) for a period of 48 months from the date of closing of the Second Aduro Financing. Expiry of the Warrants sold in the Second Aduro Financing is subject to acceleration in the event that the post-Consolidation Shares have a closing price on the Exchange of \$1.00 or greater per Share for a period of ten (10) consecutive trading days at any time from the date that is four months and one day after the closing of the Second Aduro Financing. In connection with the Second Aduro Financing, the Company paid cash finder's fees of \$18,910.43 and issued 227,836 pre-Consolidation Aduro Finders Warrants, each exercisable into one Share at a price of \$0.10 per Share until February 4, 2023.

Pursuant to the Securities Exchange Agreement, in consideration for the Transaction, at Closing, the Company issued the 40,000,000 Consideration Shares (on a pre-Consolidation basis), pro rata, to the Aduro Energy Vendors at a deemed price of \$0.05 per pre-Consolidation Consideration Share, and issued 80,000,000 Special Warrants (on a pre-Consolidation basis), which were divided equally between Class A Special Warrants and Class B Special Warrants, at a deemed price equal to the Aduro Discounted Share Price. The Special Warrants were held in trust by the Special Warrant Trustee until distributed to the Aduro Energy Noteholders and Aduro Energy Vendors upon the Company’s achievement of the Milestones in the development of the Aduro Energy Business, as set forth below.

The actual number of Class A Special Warrants to be distributed by the Special Warrant Trustee to the Aduro Energy Noteholders was determined by application of the Special Warrants Formula on the First Milestone Achievement Date. The actual number of Class B Special Warrants to be distributed to each Aduro Vendor was determined with reference only to the number of Consideration Shares issued to each Aduro Energy Vendor. Related parties may receive up to 22,069,376 Special Warrants of the total of 26,666,656 Special Warrants held in trust on achievement of the Milestones.

The Class A Special Warrants were convertible for no additional consideration into post-Consolidation Shares on a one-for-one basis upon the achievement of the First Milestone. The Class B Special Warrants are convertible for no additional consideration into post-Consolidation Shares on a one-for-one basis upon the achievement of the Second Milestone (as defined herein).

The First Milestone, which was to be achieved within 2 years of the Closing, required the Company to operate a Show Room Unit to successfully demonstrate the obtaining of product, meaning one or more taken from the group consisting of, lighter petroleum oil obtained by upgrading heavier petroleum feedstocks or its components, or deoxygenated hydrocarbons obtained from upgrading renewable oil feedstocks, or liquid hydrocarbons obtained by upgrading of certain plastic or rubber feedstocks (the “**Product**”), by application of the Technology of Aduro Energy. The operation of the Show Room Unit to obtain Product by application of the Technology needed to be independently validated by Professor Paul Charpentier or such other independent third party agreed upon by the Company and Aduro Energy.

On January 18, 2022, Aduro Energy achieved the First Milestone upon receipt of a report covering Aduro’s patented chemical conversion technology issued by Dr. Paul Charpentier, an expert in chemistry and alternative energy applications. Accordingly, 13,333,328 Class A Special Warrants held by the Special Warrants Trustee were deemed to be distributed in accordance with the Securities Exchange Agreement and were automatically converted on a one-for-one basis into Common Shares for no additional consideration and were subsequently distributed to the former security holders of Aduro Energy Inc. Furthermore, 13,333,328 Class B Special Warrants also held by the Special Warrants Trustee were distributed in accordance with the terms of the Securities Exchange Agreement and will only be converted into Common Shares upon achievement of the Second Milestone, at which point the Class B Special Warrants will be convertible into Common Shares for no additional consideration on a one-for-one basis.

The Second Milestone requires achievement of any one or more of the following additional business objectives within 4 years of Closing (on a pre-Consolidation basis):

1. A completed financial transaction with an institution which clearly has the capacity to finance Aduro Energy’s majority owned commercial operation of a manufacturing plant producing Product for commercial sale;
2. Product produced by a manufacturing plant owned in part by Aduro Energy where Aduro Energy’s portion of the plant’s equity is at least \$2,000,000 greater than Aduro Energy’s investment;
3. A third party entering into a license agreement with Aduro Energy in respect of the Technology which Aduro Energy and such third party estimate will generate at least \$5,000,000 in revenue for Aduro Energy over a three year period;
4. A third party equity investment in the Company of at least \$3,000,000 at a company pre-money valuation of \$40,000,000 or more;
5. The total market capitalization of the Company remaining at or above \$65,000,000 for 19 out of any 20 consecutive trading days;
6. The Company having completed a public offering or private placement raising at least \$4,000,000 at a minimum price per share of \$0.35 pre-consolidation, or a combination of grants, \$0.35 share offering pre-consolidation and other financing transaction raising at least \$4,000,000; or
7. A third party enters into an agreement to acquire all of the issued and outstanding Company Shares at a minimum value of \$1.00 per share pre-consolidation.

Under the terms of the Securities Exchange Agreement, a condition to the Closing of the Transaction was that the Company, Aduro Energy, Zimtu and each member of the Zimtu Group who owns First Milestone Restricted Shares or Second Milestone Restricted Shares would enter into the Restricted Stock Agreement with respect to the First Milestone Protection Plan and the Second Milestone Protection Plan. Pursuant to the First Milestone Protection Plan, if within 3 months of completing the First Milestone the Company had not completed the First Financing or completed the First Financing resulting in gross proceeds received by the Company of at least \$2.5 million but which First Financing had occurred at a per share price of less than or equal to \$0.18 per share, then the First Milestone Restricted Shares, held by the Zimtu or the Zimtu Group, would be purchased and cancelled by the Company for an aggregate amount of \$1.00 pre-consolidation, subject to a three month extension for additional closings of the First Financing, and subject to a formula for reduction of the number of First Milestone Restricted Shares to be purchased. However, if the Company determined before a certain date that it did not need to raise additional capital through issuances of securities requiring Zimtu to act as broker or finder, then no First Milestone Restricted Shares would be repurchased.

Pursuant to the Second Milestone Protection Plan, if within 3 months of completing the Second Milestone the Company has not completed the Second Financing or completed the Second Financing resulting in gross proceeds received by the Company of at least \$4.5 million but which Second Financing has occurred at a per share price of less than or equal to \$0.30 per share pre-consolidation, the Second Milestone Restricted Shares will be purchased and cancelled by the Company, subject to a three month extension to close the Second Financing in additional closings, and subject to formula for reduction of the number of Second Milestone Restricted Shares to be purchased. However, if the Company determines before a certain date that it does not need to raise additional capital through issuances of securities requiring Zimtu to act as broker or finder, then no Second Milestone Restricted Shares will be repurchased.

On December 28, 2020, the Company and Aduro Energy entered into an extension agreement, extending the deadline for completion of the Securities Exchange Agreement until March 31, 2021 or such other date as agreed by the parties.

On October 22, 2020, the Company entered into the definitive Securities Exchange Agreement, a copy of which is available under the Company's profile on SEDAR at [www.sedar.com](http://www.sedar.com), in respect of the acquisition by the Company of all the issued and outstanding Aduro Energy Shares from the Aduro Energy Vendors by way of a share exchange. Upon completion of the Transaction, Aduro Energy became a wholly-owned subsidiary of the Company. For accounting purposes, the Transaction represented a reverse takeover of the Company by Aduro Energy.

On September 2, 2020, the Company completed the Aduro Financing pursuant to which it issued (on a pre-Consolidation basis) an aggregate of 10,044,440 pre-Consolidation Shares at a price of \$0.05 per pre-Consolidation Share for gross proceeds of \$502,222. In connection with the Aduro Financing, the Company paid cash finder's fees of \$2,700 and issued 54,000 pre-Consolidation Aduro Finders Warrants, each exercisable into one Share at a price of \$0.07 per pre-Consolidation Share for a period of two years from date of issuance. Proceeds of the Aduro Financing were used for general working capital and completion of the Transaction with Aduro Energy, including the Bridge Loan.

Pursuant to the Letter of Intent, the Company agreed to advance the Bridge Loan to Aduro Energy. On August 7, 2020, the Company advanced \$50,000 to Aduro Energy under the First Promissory Note and also entered into the General Security Agreement with Aduro Energy which secured the Bridge Loan against the current and after acquired property of Aduro Energy, including the Aduro Energy Intellectual Property. Subsequently, Aduro advanced an additional aggregate amount of \$350,000 under the Bridge Loan pursuant to the Second Promissory Note, Third Promissory Note, Fourth Promissory Note, Fifth Promissory Note, Sixth Promissory Note and Seventh Promissory Note. A total of \$500,000 has been advanced under the Bridge Loan as of April 27, 2021.

On July 13, 2020, the Company entered into the Letter of Intent with Aduro Energy pursuant to which the Company agreed to acquire all of the issued and outstanding Aduro Energy Shares. The Transaction was to be formalized in the definitive Securities Exchange Agreement.

### **Financial Year Ended May 31, 2020**

On April 28, 2020, the Company announced that upon further due diligence and considering current economic conditions it has abandoned the previously announced transaction with Digital Cavalier Technology Services Inc. DBA “Youneeq”.

Dusan Berka resigned as a Director of the Company, effective March 11, 2020.

On January 17, 2020, the Company terminated the Zimtu Development Agreement. Pursuant to the termination agreement, the parties agreed that: (a) all work under the Zimtu Development Agreement in relation to the Zimtu App was completed; (b) no further payment from Zimtu to the Company was required; and (c) that the Company could retain \$50,000 in fees paid by Zimtu to the Company to date. In connection with the termination of the Zimtu Development Agreement, the parties also terminated, effective January 31, 2020: (a) the Zimtu License; and (b) a management services agreement dated March 11, 2018 whereby Zimtu had agreed to provide the Company with administrative and managerial services for a fee of \$5,500 per month plus GST.

The termination agreements were a “related party transaction” within the meaning of Multilateral Instrument 61-101 *Protection of Minority Security Holders in Special Transactions* (“MI 61-101”) as Zimtu is a “control person” of the Company. The termination agreements were exempt from the valuation requirement of MI 61-101 by virtue of the exemptions contained in section 5.5(b) of MI 61-101 as the Company’s common shares are not listed on a specified market and from the minority shareholder approval requirements of MI 61-101 by virtue of the exemption contained in section 5.7(1)(a) of MI 61-101 in that the fair market value of the termination agreements did not exceed 25% of the Company’s market capitalization.

On December 11, 2019, the Company entered into a share exchange agreement (the “Youneeq SEA”) with Digital Cavalier Technology Services Inc. doing business as Youneeq (“Youneeq”), an artificial intelligence software developer, to acquire all of the issued and outstanding securities of Youneeq. The Company agreed to acquire Youneeq in exchange for the issuance of an aggregate of 75,000,000 Common Shares on a pro rata basis to the Youneeq shareholders, including Youneeq shareholders to be added under a financing Youneeq agreed to undertake prior to closing.

On September 3, 2019, the Company entered into a non-binding letter of intent with Emergent Waste Solutions Inc. regarding a proposed transaction to acquire all of the issued and outstanding securities of Emergent Waste Solutions Inc. The Company did not proceed with the proposed transaction.

## **2.2 Significant Acquisitions**

As described below, the Company completed the Transaction. However, as the Transaction constituted a “reverse takeover” of the Company (as defined in National Instrument 51-102) the Company was not required to file a Form 51-102F4 in respect of the acquisition.

On April 23, 2021, the Company completed the acquisition of Aduro Energy. In consideration for the Transaction, the Company issued (a) an aggregate of 13,333,328 post-Consolidation Consideration Shares, *pro rata*, to the Vendors at a deemed price of \$0.15 per Consideration Share; (b) 26,666,656 post-Consolidation Special Warrants, which are divided equally between Class A Special Warrants and Class B Special Warrants, at a deemed price equal to the greater of (i) 0.65 times the volume weighted average trading price of the post-Consolidation Shares for the five trading days prior to the First Milestone Achievement Date (as defined herein), and (ii) \$0.15 per post-Consolidated Share; and, (c) 2,813,357 post-Consolidation Warrants which are



exercisable on cashless basis at a price of \$0.50 per Share on a post-Consolidation basis for a period of 48 months from the date of Closing, subject to an acceleration provision.

The Special Warrants, which were held in escrow as required under the policies of the CSE, were issued to Ofer Vicus, in his capacity as Special Warrant Trustee, in trust for the Vendors. The Class A Special Warrants were convertible for no additional consideration into post-Consolidation Shares on a one-for-one basis upon the achievement of the First Milestone. The Class B Special Warrants are convertible for no additional consideration into post-Consolidation Shares on a one-for-one basis upon the achievement of the Second Milestone.

The First Milestone Achievement Date is the date on which Professor Paul Charpentier or such other independent third party agreed upon by the Company and Aduro Energy delivers its report to the Company validating that the Company has, through the operation of a pre-pilot reactor system as described in Schedule D of the Share Exchange Agreement, successfully demonstrated the obtaining the Product, where the upgrading is achieved by means of the Technology.

The Second Milestone Achievement Date is the date on which any one or more of the additional business objectives under the definition of Second Milestone are achieved. Please see the definition of Second Milestone in the Glossary of Terms.

The post-Consolidation Class A Special Warrants shall be distributed on the First Milestone Achievement Date as follows: (i) first to certain Aduro Energy Noteholders, as fully paid and non-assessable securities of the Company, with the actual number of Class A Special Warrants to be distributed to the Aduro Energy Noteholders being determined by application of the conversion formula, on a post-Consolidation basis, set forth in the agreements amending the Notes (the “**Special Warrants Formula**”); and, (ii) second, with respect to the remainder of the Class A Special Warrants, to the Vendors *pro rata* in relation to the number of Consideration Shares received by each Vendor, as fully paid and non-assessable securities of the Company, with the actual number of Class A Special Warrants to be distributed to each Vendor being determined after calculating the number of Class A Special Warrants to be distributed to the Aduro Energy Noteholders by application of the Special Warrants Formula on the First Milestone Achievement Date.

The post-Consolidation Class B Special Warrants shall be distributed on the First Milestone Achievement Date to the Vendors *pro rata* in relation to the number of Consideration Shares received by each Vendor, as fully paid and non-assessable securities of the Company, with the actual number of Class B Special Warrants to be distributed to each Vendor being determined with reference only to the number of Consideration Shares received by each Vendor on Closing, on a post-Consolidation basis.

In connection with the Transaction and pursuant to the Share Exchange Agreement, the Company previously advanced Aduro Energy a bridge loan in the aggregate amount of \$500,000 which is secured by the assets and intellectual property of Aduro Energy. Upon closing of the Transaction, the bridge loan became an inter-company loan.

A listing statement describing the Company and Aduro Energy, as well as the terms of the Transaction, prepared in accordance with the policies of the CSE, was posted on SEDAR at [www.sedar.com](http://www.sedar.com) (the “**Listing Statement**”) on April 28, 2021. The summary information set out herein is qualified in its entirety by reference to the relevant descriptions in the Listing Statement.

On January 18, 2022, Aduro Energy achieved the First Milestone upon receipt of a report covering Aduro’s patented chemical conversion technology issued by Dr. Paul Charpentier, an expert in chemistry and alternative energy applications. Accordingly, 13,333,328 Class A Special Warrants held by the Special Warrants Trustee were deemed to be distributed in accordance with the Securities Exchange Agreement and were automatically converted on a one-for-one basis into Common Shares for no additional consideration and were subsequently distributed to the former security holders of Aduro Energy Inc. Furthermore, 13,333,328 Class B Special

Warrants also held by the Special Warrants Trustee were distributed in accordance with the terms of the Securities Exchange Agreement and will only be converted into Common Shares upon achievement of the Second Milestone, at which point the Class B Special Warrants will be convertible into Common Shares for no additional consideration on a one-for-one basis.

### **3. DESCRIPTION OF BUSINESS**

#### **3.1 General Summary**

Following closing of the Transaction, the sole business of the Company is now the business carried out by Aduro Energy. Aduro Energy has developed a novel chemical conversion process to transform waste plastics and low-grade renewable oils into renewable fuels and specialty chemicals.

Aduro Energy is a clean energy technology company, the core of which is its flexible Hydrochemolytic Technology (HCT) platform, which can be configured to upcycle certain plastics and tire rubber, and to upgrade renewable oils and bitumen. The Company currently directs HCT toward these three principal application areas, and is described in further detail below under *Business of Company and Principal Technology*. Aduro Energy's technology transforms lower-value feedstocks into more useful, higher-value chemical feedstocks and fuels. Although the technology can be implemented in stand-alone operations, its greatest economic relevance and impact is expected to be achieved through integration into the operational infrastructure at existing plants. Accordingly, Aduro Energy intends to engage operating companies, municipalities, and chemical and petrochemical producers in partnerships to demonstrate and implement the technology through licensing arrangements. As of the date of this AIF, Aduro Energy currently has no licensing arrangements in place.

A key to this approach is the technology's versatility that may confer both economic and operational flexibility to minimize implementation risks and costs, while maximizing implementation speed. The following are examples of specific applications, under consideration or being pursued, which illustrate the technology's adaptability:

- 1) Plastics Upcycling. HPU may be applied to convert waste plastics or tire rubber into feedstocks for producing new plastics or hydrocarbon fuels. Possible implementations may include at (a) existing oil refineries for mass processing of waste plastic and tire rubber into petroleum streams; and (b) small and large waste disposal sites for direct production of fuels and high-value chemical feedstocks, thereby avoiding the negative impact of transportation emissions and reducing the footprint of the landfill in an advanced material processing ecosystem.
- 2) Bitumen Upgrading. HBU is principally directed toward upstream bitumen production operations in Alberta but also may be applied in the 130 petroleum refineries in North America (or the 300 refineries globally) to enhance yields from the bottom-of-the-barrel bitumen output from vacuum distillation units.
- 3) Upgrading of Corn Distillers Corn Oil. A byproduct from ethanol production, this oil may be converted to renewable diesel by a special configuration of HCT. Besides integration into the backend of ethanol plants, the HRU process may also be applied to renewable oils from crushed oil seed operations, beef and poultry processing plants, and existing biodiesel plants to produce renewable diesel and other renewable specialty chemicals.

Aduro is now working to establish a larger laboratory facility in London, Ontario. The new 4000 sq. ft. site will be used to support R&D, the Company's customer engagement program, the demonstration of the technology to potential customers, and the advancement of the Company's commercialization programs.

## **Operational Highlights**

The following sets out the operational highlights concerning the historical development of the Business:

1. Aduro Energy has established a patent strategy based on initial lab experiments that explored early Hydrochemolytic concepts. The Aduro Energy Hydrochemolytic technology is protected by the following seven patents and one patent pending as of the date of this AIF:

### Patents:

- i. SYSTEM AND METHOD FOR CONTROLLING AND OPTIMIZING THE HYDROTHERMAL UPGRADING OF HEAVY CRUDE OIL AND BITUMEN

US Patent Number:	9,783,742 B2
Type	Original filing
Inventor(s)	W. Marcus Trygstad
Assignee	Aduro Energy, Inc.
Filed	October 28, 2013
Issued	October 10, 2017
Expires	December 8, 2035 (anticipated)
Foreign	Canada, Germany, France, Italy, Russian Federation, United Kingdom

- ii. SYSTEM AND METHOD FOR CONTROLLING AND OPTIMIZING THE HYDROTHERMAL UPGRADING OF HEAVY CRUDE OIL AND BITUMEN

US Patent Number:	9,644,455 B2
Type	Continuation in part from US 9,783,742 B2
Inventor(s)	W. Marcus Trygstad
Assignee	Aduro Energy, Inc.
Filed	March 18, 2014
Issued	May 9, 2017
Expires	November 4, 2034 (anticipated)
Foreign	Canada, Germany, France, Italy, Russian Federation, United Kingdom

- iii. METHOD FOR EXTRACTING AND UPGRADING OF HEAVY AND SEMI-HEAVY OILS AND BITUMENS

US Patent Number:	8,372,347 B2
Type	Original filing
Inventor(s)	Brian Berkowitz, Stephen R. Dunn, and Ishai Dror
Orig. Assignee	Yeda Research and Development Co Ltd.
Owner	Aduro Energy, Inc. (by legal agreement)
Filed	April 11, 2011
Issued	February 12, 2013
Expires	November 14, 2025 (anticipated)
Foreign	Canada

iv. SYSTEM AND METHOD FOR PRODUCING HYDROTHERMAL RENEWABLE DIESEL AND SATURATED FATTY ACIDS

US Patent Number 11414606  
Type Original from Provisional 62/757,520 filed Nov 8, 2018  
Inventor(s) W. Marcus Trygstad, Anil K. Jhavar, Muhammad B. I. Chowdhury, and Shaun J. Fraser  
Assignee Aduro Energy, Inc.  
Filed November 7, 2019  
Issued August 16, 2022  
Expires 2039 anticipated  
Foreign

v. SYSTEM AND METHOD FOR HYDROTHERMAL UPGRADING OF FATTY ACID FEEDSTOCK

US Patent Number: 10,900,327  
Type Continuation in part from US 10,323,492  
Inventor(s) W. Marcus Trygstad  
Assignee Aduro Energy, Inc.  
Filed November 20, 2017  
Issued January 26, 2021  
Expires 2037 (anticipated)  
Foreign

vi. SYSTEM AND METHOD OF CONTROLLING AND OPTIMIZING THE HYDROTHERMAL UPGRADING OF HEAVY CRUDE AND BITUMEN

US Patent Number: 10,323,492  
Type Continuation of US 9,644,455  
Inventor W. Marcus Trygstad  
Assignee Aduro Energy, Inc.  
Filed May 5, 2017  
Issued June 18, 2019  
Expires 2037 (anticipated)  
Foreign

vii. METHOD FOR EXTRACTING AND UPGRADING OF HEAVY AND SEMI-HEAVY OILS AND BITUMENS

US Patent Number: 7,947,165  
Type  
Inventor Brian Berkowitz et al.  
Assignee Aduro Energy, Inc.  
Filed September 14, 2005  
Issued May 24, 2011  
Expires 2033 (anticipated)  
Foreign

Patents Pending:

i. CHEMOLYTIC UPGRADING OF LOW-VALUE MACROMOLECULE FEEDSTOCKS TO HIGHER-VALUE FUELS AND CHEMICALS

US Application Numbers:	Serial #: 17494360
Type	Original Filing from two Provisionals
Inventor(s)	W. Marcus Trygstad and Anil K. Jhawar
Assignee	Aduro Energy, Inc.

2. Aduro Energy has received interest in advancing the Technology from both Canadian and foreign companies. For example, in 2019, Aduro Energy entered into a lab services agreement with a publicly traded company to assess its possibilities for asphaltene upgrading using Aduro Energy's HBU technology. Due to a confidentiality agreement between the public company and Aduro Energy, the name of the public company cannot be disclosed at this time. After the commissioning of the continuous flow pilot Unit complemented with a Flash Drum Unit, Aduro Energy plans on entering into more lab services agreements to demonstrate to prospective customers the possibilities of the Technology which agreements are expected to result in some revenues for Aduro Energy. Aduro Energy intends to proceed with commercial licensing discussions after a larger scale pilot plant is built, which is anticipated to be within 24 months, and Aduro Energy intends for discussions to occur first with companies who entered into lab services agreements (at this time, there is only one such company) and subsequently thereafter with other prospective customers.
3. Aduro Energy has been approved for approximately \$2,296,100 in research grant contributions from federal and provincial organizations as detailed below, of which \$1,148,600 has been received:
- i. National Sciences and Engineering Research Council ("NSERC") Alliance and Mitacs Accelerate Grants Program ("Mitacs"):
- i. \$1,147,500 – Project: Tuning Supercritical Fluids for Polymer Recycling to Monomers and Chemicals; Project Type: NSERC/MITACS Collaborative Research Grant in partnership with the University of Western Ontario; Duration: 36 months (November 1, 2022, to October 31, 2025).
- ii. Natural Sciences Engineering Research Counsel of Canada – two grant contributions:
- i. \$25,000 - Project: Development of a Hydrochemolytic Pilot Unit For Upgrading Asphaltene and Waste Plastics; Project Type: Engage Grants for colleges; Duration: 6 months (January 1, 2021 to June 1, 2021)
- ii. \$448,000 – Project: Hydrothermal upgrading of non-food corn oil into high value alternative fuels; Project Type: NSERC Collaborative Research Grant; Duration: 24 months (January 1, 2018 to January 1, 2020)
- iii. Bioindustrial Innovation Canada – one grant contribution:
- iii. \$250,000 – Project: NA; Project Type: NA; Duration: 20 months (January 10, 2020 to January 7, 2022)
- iv. BIOFuelNet Canada – three grant contributions:
- iv. \$10,000 – Project: BioFuelNet Knowledge Translation Program; Project Type: Knowledge Translation Program; Date: April 3, 2017
- v. \$22,500 – Project: BioFuelNet Cycle 1 Application Research and Development; Project Type: Techno-Economic Analysis; Duration: 6 months (October 1, 2016 to March 31, 2017)

- vi. \$145,600 – Project: BioFuelNet Supercritical Catalysis of Biofuels; Project Type: Supercritical Catalysis of Biofuels; Duration: 24 months (January 1, 2015 to January 1, 2017)
- v. Ontario Centres of Excellence – three grant contributions:
  - vii. \$150,000 – Project: Hydrothermal upgrading of non-food corn oil into high value alternative fuels; Project Type: Voucher for Innovation and Productivity II (VIP II); Duration: 24 months (October 1, 2016 to September 30, 2018)
  - viii. \$32,500 – Project: Hydrothermal Upgrading of Bitumen with Green Solvents; Project Type: TalentEdge Fellowship Program (TFP); Duration: 15 months (December 1, 2015 to February 28, 2017)
  - ix. \$50,000 – Project: Novel Technology for the Hydrothermal Upgrading of Heavy Oil; Project Type: Collaborate to Commercialize (C2C); Duration: 12 months (October 1, 2013 to September 30, 2014)
- vi. Alberta Innovates – Energy and Environment Solutions – one grant contribution:
  - x. \$15,000 – Project: New Technology To Process Bitumen And Heavy Oils; Project Type: NA; Duration: 6 months (January 1, 2012 to June 1, 2012)

## ***Technology***

Aduro’s mission is to develop and commercialize applications based on its novel, patent-protected Hydrochemolytic platform that enables the transformation of lower-value feedstocks into higher value chemicals and fuels. In doing so, the Company believes it addresses important and pressing issues faced by the global community. Originally conceived to radically enhance aspects of petroleum processing, the patent protected technology is based on leveraging unique properties of water to achieve two important outcomes. First is the transformation of intractable post-consumer plastics and tire rubber, as well as renewable oils and bitumen, into manageable liquid intermediates. Then follows their stabilization by the generation of a latent form of hydrogen derived from cheap, non-petroleum sources such as biomass ("H-source"). This second step performs the function of decades-old processes that rely on fossil-fuel-derived molecular hydrogen applied at elevated temperatures and pressure in the presence of expensive catalysts. By contrast, HCT activates the renewable H-source under significantly milder conditions without the requirement for such catalysts.

In contrast with traditional approaches designed to process petroleum feedstocks, the Aduro HCT is highly efficient, operating at relatively low temperatures. This makes it significantly more environment-friendly than established alternatives like energy-intensive pyrolysis or gasification. It is also highly configurable, supporting stand-alone, distributed deployment on smaller scales in remote locations or integration with existing operations, from biodiesel and ethanol plants to facilities for waste collection and recycling, to petrochemical plants. Although the conversion of non-petroleum feedstocks could reduce the demand for oil, Aduro technology also offers the possibility for crude oil upgrading that is greener and cleaner. Instead of being a single-purpose technology, Aduro Hydrochemolytic chemical recycling platform solutions can be applied in multiple ways that have a reduced operational and environmental footprint, compared with traditional approaches. Equally important, it also reduces the environmental impact associated with petroleum production and processing, landfilling, waste incineration and gasification, and unscrupulous dumping in the oceans.

The core Hydrochemolytic technology developed by the Company’s team of experienced scientists and engineers is highly versatile. Through their ingenuity and knowledge, they have enhanced and tuned it to address problems in three important techno-commercial sectors.

1. Hydrochemolytic Plastics Upcycling (HPU). This important application of HCT represents a new and powerful capability for transforming waste plastics, foam, and tire rubber into resources in the circular economy. This arena is vast and complex, but Aduro scientists are taking aim at a particular category of

plastic resins representing 70% of plastic waste, which is highly resistant to chemical recycling (CR). Other CR technologies are constrained in terms of particular resins they can handle, and some have significant limitations in terms of product yields and quality. Not only does HPU relieve the feedstock constraint, but it generates liquid products of high purity in high yield for use in production of new plastics and foams, paints and coatings, and detergents or, when appropriate, fuels.

2. Hydrochemolytic Bitumen Upgrading (HBU). This is a completely new approach that transforms heavy crude oil and bitumen into lighter crude. A key differentiator from traditional upgrading approaches is co-processing of the heavy oil/bitumen with an H-source such as biobased cellulose, glycerol, or ethanol, as well as other materials including methanol or components from a recycled plastic resin. Compared with traditional, decades-old methods, HBU employs lower temperatures and offers the possibility to reduce blending costs and increase value of the crude oil. It also improves the ease and economics of transport by minimizing the requirement for blending with expensive light hydrocarbon diluent from distant reaches in North America, e.g., the U.S. Gulf Coast, and lends to down-scaling and down-scoping to support distributed deployment at/near the wellhead.
3. Hydrochemolytic Renewables Upgrading (HRU). Covered by a patent separate from that for HPU and HBU, HRU technology is a platform for transforming renewable oils into renewable motor fuels, bio-jet fuel (or sustainable aviation fuel, SAF), and specialty chemicals at relatively low temperatures without requirement for molecular hydrogen from external sources.

These applications are directed solving real-world problems by delivering superior performance in respect of economic and environmental considerations.

Please see the list of seven patents granted and one patent pending set forth above under “*Operational Highlights*.”

### ***Stage of Technology Development***

In 2021, Aduro Energy built and commissioned the first continuous-flow reactor system capable of processing up to two liters of feedstock per hour. Located in laboratories at the Western University, its task was to demonstrate that results from HCT that had been firmly established in small-scale batch reactors also could be obtained in the flow-through mode typical of commercial processes. Having accomplished that objective, the Company presented the results to Dr. Paul Charpentier in support of the First Milestone. With that achievement, Aduro commissioned the build of two bench scale reactor trains, one for plastics and one for bitumen. The bench scale reactor trains will be used to generate more process engineering data for use in the next scaleup to a tons-per-day pilot system and the subsequent scaleup to pre-commercial and commercial systems. The bench scale units will have ongoing value as a demonstration platform for attracting commercial partners, advancing R&D, improving process designs, and extending the technology to a wider range of feedstocks and applications.

On June 24, 2021, Aduro announced that it has engaged Exergy Solutions Inc. (“**Exergy**”) for technology process design work as Aduro plans for the next stage of its Hydrochemolytic technology development. Exergy is an engineering consultant that provides prototyping and piloting services to help companies identify, evaluate, advance, and deploy new technologies. Since then, Aduro and Exergy have engaged in several related engineering projects. During 2022 Exergy provided design services for the Bitumen Flash Drum unit, a necessary pre-processing component of the bench scale continuous-flow Bitumen Upgrading unit. Aduro completed the mechanical assembly of the unit during the month of December 2022. Along with the Flash Drum, Aduro completed the design of the Bitumen bench scale reactor train with the mechanical assembly of the unit to be completed during Feb 2023. Also, during 2022, Aduro completed the design of the bench scale, 4.8-liter reactor, continuous-flow unit for processing end of life plastics, On Dec 1, 2022, Aduro announced completion of the mechanical assembly of the unit.

The three bench scale units are now planned to be in operation for testing and demonstration purposes by April 2023. With the above key building blocks in place, the Company is well positioned with the necessary tools to accomplish its calendar year 2023 plans with a focus on expanding stakeholder engagement while advancing the Company's commercialisation interests.

Aduro is now working towards building a pilot scale unit capable of processing 1-2 tons per day of end-of-life plastic. The development phase for this unit has already started with preliminary design and materials and component scoping for the unit now completed.

### ***The Company's Principal Markets and Customers***

Aduro Energy is directing its HCT into applications or uses in three principal markets. The following provides further explanation about markets and customers.

#### Hydrochemolytic Plastics Upcycling (HPU)

Demand for a solution to handle plastic waste has been gaining attention on diverse fronts globally, being driven by growing public concern, media coverage, attention from various global agencies, and policy development by local and national governments. The global plastics pollution problem is in the spotlight due to the sheer quantities of plastic waste and the absence of integrated, large-scale solutions.

Key potential customers include the following:

- Refineries
- Polymer producers
- Global and local energy companies
- Remote communities
- National and International waste collection companies
- Municipalities
- Governments

#### Hydrochemolytic Bitumen Upgrading (HBU)

Alberta heavy oil industry is under pressure to develop more efficient, more environmentally friendly methods to transport heavy crude oils. Likewise, the range of traditional options that the industry has relied on is being severely tested and seems to deliver incremental improvements where a paradigm change is needed. The Aduro HBU technology represents an example of such sort of change, which will enable producers to recover profit margins while gaining significant environmental benefits. This can be done by reducing crude blending costs while increasing the value of the final product. HBU does this by minimizing or eliminating the cost, energy and resources required to procure and deliver light hydrocarbon diluent commonly used to reduce bitumen viscosity and density. Blending is limited to improving the physical properties of bitumen but limits the amount of extracted bitumen that can be transported in the pipeline as part of the pipeline volume is now occupied by the blending diluent. On the other hand, the Aduro HBU process improves both the physical and chemical properties of the bitumen, thus reducing or eliminating the diluent required and increasing the volume fraction of crude. This could effectively increase the net capacity of pipelines by as much as one-third.



Key potential customers include:

- Canadian provincial heavy oil producers
- International heavy oil producers
- Refineries

#### Hydrochemolytic Renewables Upgrading (HRU)

This technology offers the possibility to transform renewable oils into renewable motor fuels, SAF, and specialty chemicals in scalable formats that can be integrated straightforwardly into existing operations.

Potential customers include:

- Ethanol producers
- Seed crushing plants that produce renewable oils
- Biodiesel plants seeking to respond to market demands
- Farmers seeking diversification through growing non-food oil seed crops on marginal lands
- Poultry and beef producers

#### ***Business model***

Aduro Energy's future business model is based principally on licensing, royalties, and research and development. However, the Company is still investigating different business models that may be a better fit to its operations. Monetization of the Aduro Energy clean energy platform through licensing model reduces Aduro's needs for cash while enabling a relatively pathway to commercialization that is relatively straightforward and fast.

Aduro Energy aims to develop commercial partnerships by means of demonstration projects. This strategy has been demonstrated to be very effective for securing customer feedstock and funding commitments. Deliverables include reports that detail: the technology; its performance (including yields and mass balance); the key parameters and operational variables including chemical characterization of the feedstock and products; economic considerations covering product value and operational costs; operational considerations, and environmental considerations including GHG footprint and life cycle analysis. Among the business benefits are developing long term relations, evaluation of different business models and better understanding of geographical territories behaviors and characteristic.

#### ***Distribution Methods***

##### *1. Current Contracts with Customers*

Aduro Energy has an existing customer to which it is providing experimental data on bitumen upgrading in exchange for \$126,000, payable over the achievement of five milestones as follows:

Milestone 1: Upon execution of agreement by both parties – 40%

Milestone 2: Upon Aduro completing ordering the equipment for retrofit the Aduro Hydrochemolytic Bitumen Upgrading HBU – 30%

- Milestone 3: Upon Aduro completing retrofitting and commissioning the Aduro HBU unit – 10%
- Milestone 4: Upon Aduro completing test runs and shipment of upgraded crude samples – 5%
- Milestone 5: Upon Aduro completing delivery of final report – 15%

As of the date of AIF, Aduro Energy has completed Milestone 3, and has invoiced the customer for the payment due upon such completion. Aduro Energy is currently working on completion of Milestones 4 and 5 and completion is expected in 2023.

## 2. *Customer acquisition strategy*

Aduro Energy expects to develop commercial partnerships by means of demonstration projects. This strategy has been effective on a small scale for Aduro for securing customer feedstock and funding commitments. Moreover, Aduro anticipates the R2 system will expand its ability to enter contracts for such demonstration projects.

Typically, these projects result in deliverables that include reports that detail: the technology; its performance; the key parameters and operational variables including chemical characterization of the feedstock and products; economic considerations covering product value and operational costs; operational considerations, and environmental considerations including emission footprint.

Mechanisms of overall market engagement include publications, conferences, trade events and a general social media presence (LinkedIn, Facebook, Twitter).

Aduro Energy has a growing social media presence and is currently building a revamped website which will act as its central business content and information repository.

Twitter | <https://twitter.com/AduroCleanTech>

LinkedIn | <https://www.linkedin.com/company/adurocleantech>

Instagram | <https://www.instagram.com/adurocleantech/>

YouTube | <https://www.youtube.com/@adurocleantech>

Aduro was also featured in the following articles and industry publications:

- Revolutionary Environmentally Friendly Water-based Platform improving the structure of Low-Value Hydrocarbons to Make Them More Useful / CEP CFO Magazine – Lynn Fosse – March 2, 2020

<https://www.cecfointerviews.com/aduroenergy20.html>

- A new water-based solution for recovering add-on value from plastic waste /Canadian Plastics – Mark Stephen – July 26, 2021

<https://www.canplastics.com/features/a-new-water-based-solution-for-recovering-add-on-value-from-waste-plastic/>

- Chemical Recycling makes global progress / Plastic Recycling Magazine – Peter Mapleston – November 2021

<https://content.yudu.com/web/1r19/0A42x3p/PRWNovDec21/html/index.html?page=14&origin=reader>

- A Novel Solution to Plastic Pollution / Forbes – Robert Rapier – October 10, 2021  
<https://www.forbes.com/sites/rpapier/2021/10/10/a-novel-solution-to-plastic-pollution/?sh=67d6c48e183c>
- What's new in chemical recycling projects / Chemical Recycling : Global Insights February 2022 – Peter Mapleston (pg. 13)  
<https://content.yudu.com/web/1r119/0A1uufg/IWJanFeb22/html/print/IW%20January%20February%202022%20pdf%20for%20download.pdf>
- Advanced Recycling: Beyond Pyrolysis / Plastics Technology – Sreeparna Das – November 24, 2022  
<https://www.ptonline.com/articles/advanced-recycling-beyond-pyrolysis>

### ***Production and Services***

For further information on the proposed method of production, please see the *General Summary, Operational Highlights, and Technology* subheadings of Section 5 – *Describe the Business*.

### ***Specialized Skill and Knowledge***

As implied by the name, technology is at the core of Aduro Clean Technologies. Specifically, the Company has discovered and developed the chemistry that undergirds its Hydrochemolytic™ Technology (HCT) for Hydrochemolytic Bitumen Upgrading (HBU); Hydrochemolytic Renewables Upgrading (HRU) for converting renewable oils to renewable chemicals and fuels; and Hydrochemolytic Plastics Upcycling (HPU) that recovers value from components in plastic waste (HPU) for the circular economy. Thus, HCT is not one thing, but an approach or platform that Aduro Energy configures for different applications. Certainly, doing that depends critically on an understanding of how HCT works at the molecular level. But equally, it requires deep knowledge about the unique properties of the various feedstocks. Beyond that, the Company has the chemical engineering expertise required for scaling up to commercial reality. Aduro Energy is in full possession of its intellectual property that includes critical know-how and patents. These are the product of the Company's creative, skilled team of R&D chemists and engineers, including its CTO. Yet, the capability of Aduro Energy to continue developing and commercializing HCT in diverse applications does not reside with any individual, but is distributed amongst team members and protected in patents, internal reports, and extensive laboratory documentation.

### ***Competitive Conditions***

HBU, HRU, and HPU represent three market segments where Aduro Energy applies its HCT. Not surprisingly, the diverse feedstocks mean that companies offer diverse approaches/technologies for each. However, sometimes the same company will apply variations of one technology in more than one segment or will offer different technologies to each segment. This brief review only views each segment with respect to the technologies offered.

**HBU.** Blending is a relatively simple approach; however, it commits energy and resources for acquisition of light hydrocarbons used for blending. This does not actually change the bitumen, but merely "cuts" it with higher-value diluent, which reduces the viscosity and density so that the bitumen can flow through a pipeline; the value uplift is therefore limited. An alternative, CAPEX-intensive approach draws on a package of technologies commonly used in petroleum refineries, including hydrocracking. These billion-dollar plants yield high-quality "synthetic crude," but at a high up-front cost which is deemed not to be commercially viable in today's market. Aduro Energy HBU minimizes or eliminates the requirement for diluent while achieving partial upgrading without the high CAPEX and OPEX required to produce synthetic crude.

HPU. Waste plastic resource recovery also relies generally on two approaches, which are tailored for use with specific plastics (actually, the specific type of "polymer" molecules in a given type of plastic material). Certain polymers like PET (recycle symbol 1, ♻️) and polyurethane foams from mattresses and seat cushions can be deconstructed using well-understood chemical methods, but those methods only apply to those polymers. Alternatively, the current methodologies to process mixed polymers containing more plentiful but more difficult to deconstruct, step growth polymers (recycle symbols 2 – 7, ♻️ ♻️ ♻️ ♻️ ♻️) are decades-old methods that apply extreme heat to break the polymer molecules apart. Besides high energy costs, these approaches have restrictions on mixed plastic feedstock purity and produce complex product mixtures that require additional refining/purification. In HPU, Aduro selectively applies its Hydrochemolytic technology to those difficult to recycle polymers to obtain high-purity products at relatively low temperatures with minimal additional processing.

HRU. The principal technology gaining traction for converting renewable oils to fuel is the modification of a technology used in refining is sometimes referred to as HDRD (hydrogen-derived renewable diesel), which modifies renewable oil feedstocks while eliminating the oxygen they contain. It requires the addition of significant hydrogen; its implementation tends to be therefore limited to oil refineries that have hydrogen in ample supply. Another, niche method that in concept is suitable for stand-alone implementation (not in a refinery) relies on thermal cracking that reduces yields of diesel- and jet-grade fuels, producing light hydrocarbon byproducts. By contrast, Aduro Energy HRU is downward scalable (operates efficiently on relatively small scales) and lends to distributed implementation close to where the oil-seed crops are produced. And it generates fuel without the requirement for external hydrogen, instead generating the hydrogen required using glycerol embedded in the renewable oil feed. Beyond fuels, Aduro Energy has identified the possibility to configure HRU to produce value-added chemicals for use in lubricants, foams, and detergents.

### ***New Products***

The Company has not publicly announced the introduction of a new product.

### ***Components***

Aduro Energy is an early-stage business is focusing on research and development and as such has not started production of any finished products. As a result, there is no information on sources, pricing and availability of raw materials.

### ***Intangible Properties***

As of May 2022, Aduro Energy's intangible properties consist of seven patents and one patent pending that are considered to be the Aduro Energy Intellectual Property and the business's main assets. These patents are outlined under the *Operational Highlights* subheading of Section 5 – *Describe the Business* of this AIF. Aduro Energy has full control over both the pending and filed patents.

### ***Cycles***

The business of the Company generally is not affected by seasonality.

### ***Economic Dependence***

The Company does not have any material contracts upon which it is substantially dependent upon.

### ***Changes to Contracts***

The Company does not expect to be affected in the current financial year by renegotiation or termination of contracts or sub-contracts.

### ***Effect of Environmental Protection Requirements***

The Company does not expect its capital expenditures, earnings and competitive position to be materially affected by environmental protection requirements in the current financial year, or in future years.

### ***Employees***

The Company has ten (10) full time employees, one (1) part time employee, three (3) full time contractors, and three (3) part time contractors, and two other consultants. The Company has utilized contractors as needed from time to time.

The technology and research and development team is comprised of six (6) full time members and one (1) part time member, of which i) three (3) full time members are qualified scientists who have PhD degrees in science and engineering, and a combined experience of 46 years, ii) three (3) full time members have a Master's degree in engineering with a combined experience of 10 years, and iii) one (1) part time member is pursuing his PhD. The research team is led by the Company's CTO Marcus Trygstad who is a distinguished innovator and inventor with 35 years' experience in the field of process analytics and characterization of crude and refined products in the refining, petrochemical, chemical, and aerospace industries.

### ***Foreign Operations***

The Company does not have any foreign operations but certain of its personnel are located outside of Canada.

### ***Lending Operations***

The Company is not engaged in the business of lending and does not intend to advance loans to third parties.

### ***Bankruptcy, Receivership or Similar Proceedings***

The Company has not been subject to any voluntary or involuntary bankruptcy, receivership or similar proceedings.

### ***Reorganizations***

See Section 2 – “General Development of the Business” and Section 2.2 “Significant Acquisition for more information.

### ***Social or Environmental Policies***

As the Company is still in its development stages, it has not implemented any social or environmental policies that are fundamental to its operations.

### ***Regulatory Environment***

Since Aduro Energy is the developer and licensor of its Technology and will not be an operator using its Technology, this could be subject to change, however at the moment, the Company is not directly affected by any regulatory environment. Furthermore, given the nature of its technology, the Company believes that further environmental regulation will only increase the demand for technological solutions to climate change concerns.

## **3.2 Risk Factors**

There are a number of risks that may have a material and adverse impact on the future operating and financial performance of the Company and could cause the Company's operating and financial performance to differ

materially from the estimates described in forward-looking statements relating to the Company. These include widespread risks associated with any form of business and specific risks associated with the Company's business and its involvement in the clean energy technology industry. Management of the Company considers the following risks to be most significant for potential investors in the Company, but such risks do not necessarily comprise all those associated with an investment in the Company.

This section describes risk factors identified as being potentially significant to the Company. Additional risk factors may be included in other documents previously disclosed by the Company.

In addition, other risks and uncertainties not discussed to date or not known to management could have material and adverse effects on the valuation of the Company's securities, existing business activities, financial condition, results of operations, plans and prospects. An investment in securities of the Company involves significant risks, which should be carefully considered by prospective investors before purchasing such securities.

In addition to the other information set forth elsewhere in this AIF, the following risk factors should be carefully considered when considering risks related to Aduro's business.

### **The Company is an early-stage technology business**

The Company's strategy is to focus on developing its clean energy technology platform. The Company's technology platform is an early-stage technology platform developed to upgrade renewable oils as well as waste plastics, rubber, and Bitumen into higher value products. The Company has invested and continues to invest a significant portion of its resources into this segment and will need to raise additional financing to pursue its business strategy. As with other comparable early-stage technology businesses, the Company faces the risks of product and technology failure, unforeseen research and development delays, weak market acceptance, possible change in government regulatory and competition from new entrants. Realization of any of these risks could have a significant negative impact on the Company's anticipated future cash flows and its growth strategy.

### **Limited operating history and no assurance of profitability**

The Company is a start-up business with a limited operating history and no established brand recognition. The Company will be subject to all the business risks and uncertainties associated with any new business enterprise, including the risks that it will not establish a market for its services, achieve its growth objectives or become profitable. The Company anticipates that it may take several years to achieve cash flow from operations. There can be no assurance that there will be demand for the Company's products or services or that the Company will ever become profitable.

### **Liquidity concerns and future financing requirements**

The Company is in the development phase and has not generated any substantial revenue. It will likely operate at a loss until its business becomes established and will require additional financing to fund future development of its technology and operations. The Company's ability to secure any required financing to sustain its operations will depend in part upon prevailing capital market conditions, as well as the Company's business success. There can be no assurance that the Company will be successful in its efforts to secure any additional financing or additional financing on terms satisfactory to it. If additional financing is raised by issuing common shares from treasury, control of the Company may change, and shareholders will suffer additional dilution. If adequate funds are not available, or are not available on acceptable terms, the Company may be required to scale back its business plan or cease operating.

## **Uncertainty of use of proceeds**

Although the Company has set out its intended use of available funds in its Listing Statement posted on SEDAR on April 28, 2021, the uses and figures provided are estimates only and are subject to change. While management does not contemplate any material variation from such estimates, management retains broad discretion in the application of such proceeds.

## **Operational risks**

The Company will be affected by several operational risks against which it may not be adequately insured or for which insurance is not available, including: pandemics such as COVID-19; catastrophic accidents; fires; changes in the regulatory environment; impact of non-compliance with laws and regulations; labor disputes; natural phenomena such as inclement weather conditions, floods, earthquakes and ground movements. There is no assurance that the foregoing risks and hazards will not result in damage to, or destruction of, the Company's premises, personal injury or death, environmental damage, resulting in adverse impacts on the Company's operations, costs, monetary losses, potential legal liability and future cash flows, earnings and financial condition. Also, the Company may be subject to or affected by liability or sustain loss for certain risks and hazards against which it cannot insure or which it may elect not to insure because of the cost. This lack of insurance coverage could have an adverse impact on the Company's future cash flows, earnings, results of operations and financial condition.

## **Technology risk**

The Company's products and services are dependent upon advanced developments in its technologies which are susceptible to the impact of rapid technological change. There can be no assurance that the Company's products and services will not be seriously affected by, or become obsolete as a result of, such technological changes. Further, some of the Company's services are currently under development and there can be no assurance that these development efforts will result in a viable product or service as conceived by the Company or at all.

## **Competition**

The clean energy technology industry is highly competitive, and the Company competes with a substantial number of companies that have greater financial, technical and marketing resources. As such, the Company is exposed to competition which could lead to loss of contracts or reduced margins and could have an adverse effect on the Company's business.

The Company's competitors may offer better solutions or value to the Company's prospective customers or substantially increase the resources devoted to the development and marketing of products and services that compete with those of the Company. There can be no assurance that the Company will be able to compete successfully against current or future competitors or that competitive pressures faced by the Company in the markets in which it operates will not have a material adverse effect on the Company's business. If the Company's competitors are successful in offering better pricing, service or products than the Company, this could render the Company's product and services offerings less desirable to merchant customers, resulting in the loss of merchant customers or a reduction in the price it could earn for its offerings.

## **Dependence on personnel**

The Company's future success depends substantially on the continued services of its executive officers and its key development personnel. If one or more of its executive officers or key development personnel were unable to or unwilling to continue in their present positions, the Company might not be able to replace them easily or at all. In addition, if any of its executive officers or key employees joins a competitor or forms a competing company, the Company may lose know-how, key professionals and staff members.

## **Commodity prices**

The potential profitability of the Company's operations will be significantly affected by changes in the market price of various renewable fuels and other commodity prices. The level of interest rates, the rate of inflation, world supply of these minerals and stability of exchange rates can all cause significant fluctuations in renewable fuel and other commodity prices. Such external economic factors are in turn influenced by changes in international investment patterns and monetary systems and political developments. The price of diesel fuel has fluctuated widely in recent years, and future significant price declines could cause continued commercial production to be impracticable. Depending on the price of diesel fuels, potential cash flow from future operations may not be sufficient. Market fluctuations and the price of renewable fuels may render refining uneconomical. Short-term operating factors relating to the production of renewable fuels, such as the increased feedstock costs or drop in renewable fuel prices, could cause a proposed refining operation to be unprofitable in any particular period.

## **Volatility of common share price**

The Company's common shares are listed for trading on the CSE. As such, factors such as announcements of quarterly variations in operating results, revenues, costs and market conditions in the clean energy technology industry may have a significant impact on the market price of the Company's common 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 technology and marketing sectors. There can be no assurance that an active or liquid market will develop or be sustained for the Company's common shares.

## **Dividends**

The Company has not paid dividends to its shareholders in the past and does not anticipate paying dividends in the foreseeable future. The Company expects to retain its earnings, if any, to finance growth.

## **Failure to develop or market products or services**

Given the highly competitive and rapidly evolving alternative energy technology environment the Company operates in, where the Company's products and services are subject to rapid technological change and evolving industry standards, it is important for the Company to constantly enhance its existing product offerings, as well as develop new product offerings to meet strategic opportunities as they evolve. The Company's ability to enhance its technologies, products, and services and to develop and introduce new innovative products and services to keep pace with technological developments and industry standards and the increasingly sophisticated needs of its clients and their customers will significantly affect its future success.

The Company's future success depends on its commercialization of the Company's technology, including ability to design and produce new products and services, deliver enhancements to its existing products and services, accurately predict and anticipate evolving technology and respond to technological advances in its industry, and respond to its customers' shifting needs. While the Company anticipates that its research and development experience will allow it to explore additional business opportunities, there is no guarantee that those business opportunities will be realized. If the Company is unable to respond to technological changes, fails to or is delayed in developing products and services in a timely and cost-effective manner, the Company's products and services may become obsolete, which would negatively impact potential sales, profitability and the continued viability of the business.

Since developing new products and services in the alternative energy sector is very expensive, the Company may encounter delays when developing new technology solutions and services, and the investment in technology development may involve a long payback cycle. The Company's future plans include significant investment in technology solutions, research and development and related product opportunities. The failure to



properly manage the expanding offering of products and services as well as the failure to develop and successfully market new products and services at favourable margins could have an adverse effect on the Company's business.

### **The reliability of the Company's technology will be critical to the success of the Company**

The Company's reputation and ability to attract, retain and serve its customers are also dependent upon the reliable performance of its technology, products and services. The Company's technology is new, and as such it has no history on which the Company to build or rely. The Company may experience interruptions, outages and other performance problems related to its technology, products or services. Such disruptions may be due to a variety of factors, including infrastructure changes, human or software errors, capacity constraints and inadequate design. A future rapid expansion of the Company's business could increase the risk of such disruptions. In some instances, the Company may not be able to identify the cause or causes of these performance problems within an acceptable period of time. Any errors, defects or security vulnerabilities discovered in the Company's offerings could result in loss of revenue or delay in revenue recognition, loss of customers and increased service and warranty cost, any of which could adversely affect the business, results of operations and financial condition of the Company.

### **If the Company is unable to protect its intellectual property rights, the Company's competitive position could be harmed, or the Company could be required to incur significant expenses to enforce its rights**

The Company's ability to protect its intellectual property affects the success of the Company's business. The Company relies on trade secret, patent, copyright and trademark laws and confidentiality agreements with employees and third parties, all of which offer only limited protection. The steps the Company has taken to protect its proprietary rights may not be adequate to preclude misappropriation of the Company's proprietary information or infringement of its intellectual property rights, and the Company's ability to police such misappropriation or infringement is uncertain. The intellectual property rights granted to the Company, if any, may not provide it with proprietary protection or competitive advantages, and, as with any technology, competitors may be able to develop similar or superior technologies to the Company, whether now or in the future. There is no guarantee that such parties will abide by the terms of such agreements or that the Company will be able to adequately enforce its rights.

### **Conflicts of interest**

Certain directors and officers of the Company also serve, or may serve in the future, as directors and/or officers of other companies, or have significant shareholdings in other technology companies, and consequently conflicts of interest may arise between their duties as officers and directors of the Company and as officers and directors of such other companies. There can be no assurance such conflicts of interests will be resolved to the benefit of the Company. However, any decision made by any of these directors and officers involving the Company must be made in accordance with their duties and obligations to deal fairly and in good faith with a view to the best interests of the Company and its shareholders. In addition, each of the directors is required to declare and refrain from voting on any matter in which these directors may have a conflict of interest in accordance with, and subject to such other procedures and remedies as applicable, under the BCBCA and other applicable laws.

## **4. DIVIDENDS AND DISTRIBUTIONS**

The Company has no fixed dividend policy and has not declared any dividends on its Common Shares since its incorporation. Aduro intends to retain its earnings, if any, to finance growth and expand its operations and does not anticipate paying any dividends on its Common Shares in the foreseeable future. Subject to the BCBCA, the actual timing, payment and amount of any dividends declared and paid by the Company will be determined by and at the sole discretion of the Company's Board of Directors from time to time based upon, among other factors, the Company's cash flow, results of operations and financial condition, the need for funds to finance

ongoing operations and exploration, and such other considerations as the Board in its discretion may consider or deem relevant.

## **5. DESCRIPTION OF CAPITAL STRUCTURE**

### **5.1 General Description of Capital Structure**

#### **Common Shares**

The Company is authorized to issue an unlimited number of Common Shares without par value. There are 57,976,673 Common Shares issued and outstanding as of the date of this AIF.

Holders of Common Shares are entitled to one vote for each Common Share held at all meetings of Shareholders, to receive dividends if, as and when declared by the Board, and to participate in any distribution of property or assets upon the liquidation, winding-up or other dissolution of the Company. The Common Shares carry no pre-emptive rights, conversion or exchange rights, or redemption, retraction, repurchase, sinking fund or purchase fund provisions. There are no provisions requiring a holder of Common Shares to contribute additional capital, and no restrictions on the issuance of additional securities by the Company. There are no restrictions on the repurchase or redemption of Common Shares by the Company except to the extent that any such repurchase or redemption would render the Company insolvent.

#### **Preferred Shares**

The Company is authorized to issue an unlimited number of Preferred Shares, of which no Preferred Shares are issued. The holders of Preferred Shares are neither entitled to attend any general meeting of the Company nor vote at any such meeting. The holders of Preferred Shares are entitled to receive dividends as and when declared by the Board in such amounts and in such form as the Board may determine from time to time.

In the event of liquidation, dissolution or winding-up of the Company, each holder of Preferred Shares will be entitled to be paid, in preference to and in priority over any distribution of assets or payment to holders of Shares, an amount per share equal to the amount paid for each Preferred Share held plus all accrued but unpaid dividends.

### **5.2 Constraints**

There are no constraints on the ownership of securities of the Company.

### **5.3 Ratings**

Neither the Company, nor any of its subsidiaries, has received any ratings.

## 6. MARKET FOR SECURITIES

### 6.1 Trading Price and Volume

Following the closing of the Transaction, on April 27, 2021, the Common Shares have been re-listed on the CSE under the trading symbol “ACT”. The following table sets forth the reported intraday high and low prices and the trading volume for the Shares on the CSE, as applicable, on a monthly basis for the financial year ended May 31, 2022 and to the date of this AIF:

Month	High (\$)	Low (\$)	Volume Traded
February 1 to 21, 2023	1.15	0.98	1,581,256
January 2023	1.05	0.90	1,688,055
December 2022	0.96	0.87	990,560
November 2022	1.04	0.80	2,391,256
October 2022	0.85	0.70	848,921
September 2022	0.91	0.72	1,632,630
August 2022	1.02	0.75	1,765,688
July 2022	0.93	0.73	1,083,716
June 2022	0.79	0.495	1,316,689
May 2022	0.68	0.48	695,811
April 2022	0.75	0.65	736,152
March 2022	0.74	0.66	1,218,129
February 2022	0.80	0.66	1,084,425
January 2022	0.95	0.69	1,361,178
December 2021	0.86	0.70	927,451
November 2021	0.98	0.73	2,255,542
October 2021	1.01	0.80	2,232,700
September 2021	1.21	0.78	3,890,117
August 2021	0.90	0.79	765,941
July 2021	0.95	0.75	1,636,956
June 2021	0.93	0.67	1,841,586

### 6.2 Prior Sales

From May 31, 2021 to the date of this AIF, the Company has issued the class of securities in the following table:

Security	Date of Issuance	Number of Securities	Issue Price or Exercise Price per Security (\$)	Expiry Date (if applicable)
Options	June 18, 2021	50,000 <sup>(1)</sup>	0.80	June 18, 2023
Common Shares <sup>(3)</sup>	July 5, 2021	100,000 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares <sup>(3)</sup>	August 24, 2021	400,000 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares <sup>(3)</sup>	August 25, 2021	200,000 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares <sup>(3)</sup>	September 2, 2021	100,000 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares <sup>(3)</sup>	October 13, 2021	500,000 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares <sup>(3)</sup>	October 19, 2021	100,000 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares <sup>(3)</sup>	October 20, 2021	200,000 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares <sup>(3)</sup>	October 29, 2021	100,401 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares	January 21, 2022	10,552,228		
Common Shares	January 21, 2022	2,781,100		
Options	February 7, 2022	300,000 <sup>(5)</sup>	0.75	February 7, 2024
Options	February 22, 2022	1,325,000	0.72	February 22, 2032
Common Shares	April 8, 2022	2,226,036	0.70	
Warrants	April 8, 2022	2,226,036	1.00	April 8, 2024
Common Shares	April 27, 2022	1,134,916	0.70	
Warrants	April 27, 2022	1,134,916	1.00	April 27, 2024
Options	June 20, 2022	150,000	0.70	June 20, 2024
Options	June 20, 2022	400,000	0.70	June 20, 2032
Common Shares <sup>(3)</sup>	July 4, 2022	100,400 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares	July 19, 2022	2,599,579	0.72	
Warrants	July 19, 2022	1,299,788	1.00	July 19, 2024
Common Shares	October 21, 2022	300,000 <sup>(6)</sup>	0.65 <sup>(6)</sup>	
Common Shares <sup>(3)</sup>	October 25, 2022	260,240 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares <sup>(3)</sup>	October 28, 2022	402,409 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares <sup>(3)</sup>	November 8, 2022	432,529 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares	November 8, 2022	100,000 <sup>(7)</sup>	0.80 <sup>(7)</sup>	
Common Shares <sup>(3)</sup>	November 14, 2022	100,000 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares	November 14, 2022	13,635 <sup>(7)</sup>	0.80 <sup>(7)</sup>	

Security	Date of Issuance	Number of Securities	Issue Price or Exercise Price per Security (\$)	Expiry Date (if applicable)
Common Shares <sup>(3)</sup>	November 18, 2022	300,000 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares	November 18, 2022	5,000 <sup>(7)</sup>	0.80 <sup>(7)</sup>	
Common Shares <sup>(3)</sup>	November 24, 2022	103,212 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Common Shares <sup>(3)</sup>	December 7, 2022	40,000 <sup>(2)</sup>	0.50 <sup>(2)</sup>	
Options	December 29, 2022	2,075,000	\$1.00	December 29, 2027
Restricted Share Units	December 29, 2022	150,000		
Common Shares <sup>(3)</sup>	December 29, 2022	100,000 <sup>(2)</sup>	\$0.50 <sup>(2)</sup>	
Common Shares	December 29, 2022	150,000 <sup>(4)</sup>		
Common Shares <sup>(3)</sup>	January 6, 2023	68,875 <sup>(8)</sup>	\$0.30 <sup>(8)</sup>	
Common Shares <sup>(3)</sup>	January 13, 2023	100,401 <sup>(2)</sup>	\$0.50 <sup>(2)</sup>	
Common Shares <sup>(3)</sup>	January 20, 2023	100,000 <sup>(2)</sup>	\$0.50 <sup>(2)</sup>	
Common Shares <sup>(3)</sup>	January 25, 2023	301,606 <sup>(2)</sup>	\$0.50 <sup>(2)</sup>	
Common Shares	February 8, 2023	61,606 <sup>(2)</sup>	\$0.50 <sup>(2)</sup>	
Common Shares	February 17, 2023	34,142	0.80 <sup>(7)</sup>	

(1) Cancelled on June 1, 2022.

(2) Adjusted on a Post-Consolidation basis.

(3) Shares issued on exercise of warrants issued on February 4, 2021.

(4) Shares issued upon vesting of Restricted Share Units issued on December 29, 2022.

(5) 75,000 options out of the 300,000 options were cancelled on September 1, 2022.

(6) Shares issued on exercise of options at an exercise price of \$0.65.

(7) Shares issued on exercise of warrants issued on May 14, 2021.

(8) Shares issued on exercise of broker warrants issued on February 4, 2021.

## 7. ESCROWED SECURITIES AND SECURITIES SUBJECT TO CONTRACTUAL RESTRICTIONS ON TRANSFER

The following table sets out the number and class of securities of the Company held in escrow under the Escrow Agreements, to the knowledge of the Company, and the percentage that number represents of the outstanding securities of that class as at February 21, 2023:

Designation of Class of Securities Held in Escrow	Number of Securities Held in Escrow <sup>(1)</sup>	Percentage of Class
Common Shares	9,885,194 <sup>(2)</sup>	17.1%
Warrants	1,083,853 <sup>(3)</sup>	1.9%
Special Warrants	5,136,689 <sup>(4)</sup>	8.9%

(1) Adjusted on a Post-Consolidation basis.

(2) Includes 4,748,501 Common Shares, issued on conversion of Class A Special Warrants upon achievement of the First Milestone in January 2022, under the 2021 Escrow Agreement.

(3) Consists of Warrants held by Ofer Vicus and W. Marcus Trygstad under the 2021 Escrow Agreement.

- (4) Consists of 5,136,689 Class B Special Warrants which will, upon achievement of the Second Milestone, be converted into the same number of Common Shares and held in escrow under the 2021 Escrow Agreement.

Ofer Vicus, W. Marcus Trygstad and Christopher Parr are Principals (as such term is defined under National Policy 46-201 – *Escrow for Initial Public Offering* (“NP-46-201”)) or Related Persons who are required to be subject to an escrow agreement pursuant to section 2.8 of CSE Policy 2.

A total of 9,885,194 post-Consolidated Shares are held in escrow under the 2021 Escrow Agreement by Ofer Vicus and Marc Trygstad and are subject to the following release schedule:

Date of Automatic Timed Release	Shares Released
On April 27, 2023	1/3 of the remainder of the Shares held (3,295,065 Shares)
On October 27, 2023	1/2 of the remainder of the Shares held (3,295,065 Shares)
On April 27, 2024	The remainder of the Shares held (3,295,065 Shares)

The Escrow Agreements provide that the Shares are held in escrow pursuant to its terms and the beneficial ownership thereof may not be sold, assigned, hypothecated, or transferred within escrow or otherwise dealt with in any manner without the prior written consent of the Exchange. In the event of the bankruptcy of an escrow shareholder, provided the Exchange does not object, the Shares held by such escrow shareholder may be transferred to the trustees in the bankruptcy or such person legally entitled to the escrowed shares which shares will remain in escrow subject to the escrow agreement. In the event of the death of an escrow shareholder, provided the Exchange does not object, the Shares held by the escrow shareholder will be released from escrow.

## 8. DIRECTORS AND EXECUTIVE OFFICERS

### 8.1 Name, Occupation and Security Holding

The following table sets the name, residence and principal occupation of each director and executive officer of the Company. In addition, the table shows the date on which each individual first became a director and/or officer and the number of common shares of the Company that each individual beneficially owns, or exercises control or direction over, directly or indirectly, as of the date of this AIF. The information as to shares owned beneficially, not being within the knowledge of the Company, has been forwarded by the directors and officers individually.

Name, Place of Residence and Position(s) with the Company	Principal Occupation, Business or Employment for Last Five Years <sup>(1)</sup>	Director or Officer Since	Number of Shares Owned (Percentage) <sup>(1)</sup>
<p>Ofer Vicus<sup>(2)</sup> Ontario, Canada Canada</p> <p><i>CEO and Director</i></p>	<p>Founder and CEO of Aduro Energy Inc. since November 2011, Ofer Vicus has over 15 years of experience in developing and marketing innovative technologies and processes in Canada and abroad. He is the passion behind Aduro and responsible for building its research and business team. He has extensive knowledge in alternative approaches for petrochemical processes with a focus of limiting environmental impacts of the traditional chemical and petrochemical industries. He has distinguished himself through his ability to bring ideas to reality with advanced academic research, strong intellectual property foundations, and support by government programs and industry partners.</p> <p>Mr. Vicus has previously worked in leadership positions with other companies, including Spectronix Ltd. (2004-2006), a company that designed and manufactured EX optical flame detectors. As the Vice President of Business Development for Spectronix Ltd., Mr. Vicus supported the organization through operation and service.</p> <p>Mr. Vicus also served at Qualion NMR (2005-2006) as the Vice President, Marketing, developing marketing channels and tools for the adoption of inline NMR spectrometers by mid and large size refineries. Before launching Aduro, Mr. Vicus worked with the CEO of Curapipe Systems (2007-2010), a Trenchless Automated Leakage Repair (TALR) technology to seal cracks and holes in urban water pipes, as an investor and Vice President of Business Development, to develop the R&amp;D, build an engineering team and establish a pilot unit, and to assist in capital raising.</p> <p>Mr. Vicus holds a Bachelor of Engineering in Industrial Engineering by Sunderland University, School of Engineering and Advanced Technologies and an Executive Master of Business Administration (Northwestern Kellogg / Tel Aviv Recanati University).</p>	<p>April 23, 2021 to present</p>	<p>19,529,879  (33.7%)</p>
<p>Mena Beshay British Columbia, Canada</p> <p><i>CFO and Secretary</i></p>	<p>Mr. Beshay has over 20 years of experience in senior financial leadership positions. He has an extensive background in financial stewardship, strategic planning, mergers &amp; acquisitions, debt, and equity financing, and he has led operational and financial turnarounds. He was recently appointed as Director on the Board at Charbone Hydrogen, a TSX-V listed company developing Canadian green hydrogen facilities.</p> <p>Previously, Mr. Beshay served as Chief Financial Officer and Global Head of Corporate Development at CloudMD, a TSX-V listed company developing a connected healthcare</p>	<p>May 2, 2022 to</p>	<p>396,000  (0.68%)</p>

Name, Place of Residence and Position(s) with the Company	Principal Occupation, Business or Employment for Last Five Years <sup>(1)</sup>	Director or Officer Since	Number of Shares Owned (Percentage) <sup>(1)</sup>
	<p>ecosystem. His prior experience also includes senior finance, audit, and compliance roles at Enercare (acquired by Brookfield Infrastructure), Domtar, and Deloitte.</p> <p>Mr. Beshay is a Chartered Professional Accountant and is a graduate of McGill University as part of their Honours in Accounting program.</p>		
<p>Gene Cammack Texas, United States  <i>COO</i></p>	<p>Mr. Cammack has over 35 years experience working in management and technical roles in process industries including power, oil &amp; gas, refining, chemicals, and pipelines. His background includes positions with small companies and global roles with international companies such as Siemens Energy. He has worked for end user firms, engineering companies, and manufacturers in system design, solution development, business development, and marketing. His prior experience also includes operational functions and project development.</p>		<p>64,400  (0.11%)</p>
<p>W. Marcus Trygstad Texas, United States  <i>CTO and Director</i></p>	<p>Co-founder of Aduro Energy, W. Marcus Trygstad, has over 25 years of experience in the development and application of advanced strategies for monitoring, controlling, and optimizing industrial processes, particularly in the downstream refining, petrochemical, pharmaceutical, and specialty chemical industries. His focus on fundamental process chemistry led to the genesis of Aduro Intellectual Property and early patent applications.</p> <p>Prior to Aduro Energy, Mr. Trygstad was involved in various technology developments as principal inventor and author of patent applications in advanced monitoring technology. Mr. Trygstad previously served as application scientist, business development manager, technical sales consultant, and product manager with various companies including ABB Ltd. (2000-2006), where he served as Application and Business Development Manager and Technical Sales Consultant; Invensys Plc (2006-2009), where he led the collaborative development, productization, and commercialization of sampling technology and measurement solutions for enabling Invensys offerings to the refining industry; and Yokogawa Electric Corporation (2012 – 2019), where he was involved in the technology development of process monitoring and measurement-enabled optimization solutions.</p> <p>Mr. Trygstad holds a B.A. Chemistry (St. Olaf College, Minnesota) and pursued Masters level studies in chemistry, material science &amp; engineering, and chemometrics (University of Utah).</p>	<p>April 23, 2021 to present</p>	<p>2,533,146  (4.37%)</p>



Name, Place of Residence and Position(s) with the Company	Principal Occupation, Business or Employment for Last Five Years <sup>(1)</sup>	Director or Officer Since	Number of Shares Owned (Percentage) <sup>(1)</sup>
<p>Chris Parr<sup>(2)</sup> British Columbia, Canada</p> <p><i>Director</i></p>	<p>Chris Parr has over 10 years' experience in financing, business development and investing in the technology sector.</p> <p>Mr. Parr most recently served as President, and CEO of Dimension Five, a public company that completed an amalgamation with Aduro Energy Inc. which subsequently formed Aduro Clean Technologies Inc. from January 2018 until April 2021.</p> <p>Prior to Dimension Five, Mr. Parr served Zimtu Capital Corp., an investment issuer listed on the TSX Venture Exchange (the "TSXV"), in the capacity of Strategic Development Manager. In this role he focused on identifying and working with undervalued technology companies in an effort to unlock their potential. Mr. Parr held this role at Zimtu from May 2016 until July 31, 2018.</p> <p>Prior to Zimtu, Mr. Parr's role was a licensed investment advisor where he advised on futures and options advising and trading at Global Securities Corp. from March 2014 to April 2016.</p>	<p>January 11, 2018 to present</p>	<p>804,682 (1.39%)</p>

Name, Place of Residence and Position(s) with the Company	Principal Occupation, Business or Employment for Last Five Years <sup>(1)</sup>	Director or Officer Since	Number of Shares Owned (Percentage) <sup>(1)</sup>
<p>Peter Kampian<sup>(2)</sup> Ontario, Canada</p> <p><i>Director</i></p>	<p>Peter Kampian is a seasoned financial executive with a previous experience in leadership roles with startup and established companies undertaking various transactions, including acquisitions, initial public offerings, managing debts and raising capital. He has experience in a number of sectors, including renewable energy, cannabis and mining.</p> <p>Mr. Kampian is currently Chief Executive Officer of Edge Financial Consulting Services Corp. where he acted as Chief Restructuring Officer for PharmHouse Inc. and Muskoka Grown Corp. He previously served as Chief Financial Officer (CFO) of DionyMed Brands Inc. (2017 to 2019) (DYME-CSE) and Mettrum Health Corp (2014-2017) (MT-TSX-V). He also previously served as the CFO of Algonquin Income Fund (currently TSX-AQN) (1999-2007). Mr. Kampian also previously held board positions at Harborside Inc. (now Statehouse Holdings Inc. STHZ-CSE) (2020-2022), Red Pine Exploration Inc. (2017-2021), CannaRoyalty Corp (OriginHouse – acquired by Creco Labs Inc.) (2017-2018), James E Wagner Cultivation Ltd (2017-2020) and Flow Capital Corp (2017-2018).</p> <p>Mr. Kampian is a Canadian Chartered Accountant (CPA, CA, 1986), a member of the Institute of Corporate Directors (ICD.D) (2018) and a graduate of Wilfrid Laurier University (Bachelor of Business Administration, 1982).</p>	<p>April 23 2021 to present</p>	<p>35,700  (0.062%)</p>
<p>James E. Scott Colorado, USA</p> <p><i>Director</i></p>	<p>Jim Scott is an entrepreneur and investor with a unique blend of transaction, operating and leadership experience. Since 1998, Jim has been the Managing Partner of Denver-based The Scott Company LLC, a boutique advisory firm and merchant bank.</p> <p>Jim is also the Managing Partner of Littlehorn Investments, LLC, a Denver-based investment fund focused on investing in, or buying, lower market operating businesses. Jim is an Independent Director of publicly-traded StateHouse Holdings Inc. (CSE:STHZ) and has served on the boards of several private companies, including Denver-based PaySimple Inc. and Recepra Naturals. He is a Past-President and board member of Entrepreneurs and Organization (EO) Colorado. He served eight years on the Board of Trustees of the YMCA of Metropolitan Denver during which he was the Chair of the Finance Committee, a member of the Executive Committee and ultimately Vice Chairman. Jim also has extensive experience as an operator and leader as the President and CEO of two Denver-based companies: Qube Visual and Recepra Naturals.</p>	<p>February 22, 2022 to present</p>	<p>28,571  (0.049%)</p>

Name, Place of Residence and Position(s) with the Company	Principal Occupation, Business or Employment for Last Five Years <sup>(1)</sup>	Director or Officer Since	Number of Shares Owned (Percentage) <sup>(1)</sup>
	Jim began his career in investment banking in 1992 with Salomon Brothers Inc. in their domestic mergers and acquisitions group. He also worked for SBC Warburg in their global chemicals investment banking and M&A groups. Jim graduated Summa Cum Laude from Boston University School of Management in finance and operations management.		
Donnacha Rahill Ontario, Canada  <i>Former CFO and Secretary</i>	Donnacha Rahill is an internationally experienced financial executive specializing in work with start-ups. He has over 20 years of experience in various CFO and senior finance roles in Ireland, Canada and Singapore. For the five years prior to joining Aduro, Mr. Rahill served as Chief Financial Officer of Flow Capital Corp. (TSXV: FW) and during this time he took a leadership role in two business combination transactions.  Mr. Rahill has been a Fellow of the Institute of Chartered Accountants in Ireland since November 1987.	January 11, 2021 to May 2, 2022	Nil

(1) Information is on a post-Consolidation basis and has been furnished by the respective officers/directors individually.

(2) Member of the committee of the Board (the "Audit Committee").

As of the date of this AIF, the directors and executive officers of the Company beneficially own, directly or indirectly, as a group 23,392,378 post-Consolidation Shares representing approximately 40.4% of all outstanding Shares on a non-dilutive basis.

The Company has one committee of the Board: the Audit Committee. The Audit Committee is comprised of three directors consisting of Chris Parr, Peter Kampian (Chair) and Ofer Vicus. The Company's Audit Committee Charter is attached hereto as Schedule A.

## **8.2 Cease Trade Orders, Bankruptcies, Penalties or Sanctions**

Peter Kampian was Chief Financial Officer of DionyMed Brands Inc. from November 2018 to March 2020. A receiver was appointed for DionyMed Brands Inc. by the Supreme Court of British Columbia on October 29, 2019.

Peter Kampian was a director of James E Wagner Cultivation Corporation ("JWC") and also a member of the special committee of the board of JWC, which is mandated to restructure the financial affairs of JWC. JWC filed for protection under the Companies' Creditor Arrangement Act on April 1, 2020. On August 28, 2020, the sale of the JWC assets was completed and the Mr. Kampian resigned from the board of JWC.

Peter Kampian acted as Chief Financial Officer of Oneworld Energy Inc. ("Oneworld"), a renewable energy developer of wind and solar projects, from October 2009 to July 2011. In October 2010, Mr. Kampian was appointed to Oneworld's board of directors. In July 2011, Mr. Kampian resigned as Chief Financial Officer of Oneworld and accepted a position with Riverbank Power Corporation. Mr. Kampian resigned as a director of Oneworld in October 2011. In June 2012, Oneworld filed for bankruptcy.

To the knowledge of the Company, other than as disclosed above, no director, officer or promoter of the Company, or a securityholder holding a sufficient number of securities of the Company to affect materially the

control of the Company, has been, within 10 years before the date of this AIF, a director, officer or promoter of any person or company that, while that person was acting in that capacity:

- (a) was the subject of a cease trade or similar order, or an order that denied the issuer access to any exemptions under applicable securities laws, for a period of more than 30 consecutive days; or
- (b) 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.

### **Bankruptcies**

Other than as disclosed below, no director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company:

- (a) is, as at the date of this AIF, or has been within the 10 years before the date of this AIF, a director or executive officer of any company (including the 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
- (b) has, within the 10 years before the date of this AIF, 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 director, executive officer or shareholder.

### **Penalties or Sanctions**

No director or executive officer of the Company, or a shareholder holding a sufficient number of securities of the Company to affect materially the control of the Company, has been subject to:

- (a) any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a 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 investor in making an investment decision.

### **8.3 Conflicts of Interest**

The directors of the Company are required by law to act honestly and in good faith with a view to the best interest of the Company and to disclose any interests with they may have in any project or opportunity of the Company. If a conflict of interest arises at a meeting of the Board, any director in a conflict will disclose his interest and abstain from voting on such matter. In determining whether or not the Company will participate in any project or opportunity, that director will primarily consider the degree of risk to which the Company may be exposed and its financial position at that time.

To the knowledge of the Company, there are no known existing or potential conflicts of interest among the Company and its promoters, directors, officers or other members of management, as a result of their outside business interests except that certain of the directors, officers, promoters and other members of management serve as directors, officers, promotes and members of management of other public companies, and therefore it is possible that a conflict may arise between their duties as a director, officer, promoter or member of management of such other companies.

## **9. PROMOTERS**

Mr. Vicus is a promoter of the Company in that he took the initiative in founding and organizing Aduro Energy and was instrumental in facilitating the Transaction. Mr. Vicus beneficially owns, directly or indirectly, or exercise control or direction over, an aggregate of 19,529,879 post-Consolidation Shares, on an undiluted basis, being 33.7% of the outstanding Shares, as more particularly described elsewhere in this AIF. See “*Directors, Officers and Promoters*” for additional information.

## **10. LEGAL PROCEEDINGS AND REGULATORY ACTIONS**

There are no legal proceedings material to the Company to which the Company is a party or of which any of its property is the subject matter, and there are no such proceedings known to the Company to be contemplated.

To the knowledge of the Company, no director, officer or promoter of the Company, or a securityholder holding sufficient securities of the Company to affect materially the control of the Company, has:

- (a) been subject to any penalties or sanctions imposed by a court relating to securities legislation or by a securities regulatory authority or has entered into a settlement agreement with a securities regulatory authority; or
- (b) been subject to any other penalties or sanctions imposed by a court or regulatory body, including a self-regulatory body, that would be likely to be considered important to a reasonable securityholder making a decision about the Transaction.

## **11. INTEREST OF MANAGEMENT AND OTHERS IN MATERIAL TRANSACTIONS**

No director, executive officer or principal shareholder of the Company, or an associate or affiliate of a director, executive officer or principal shareholder of the Company, has any material interest, direct or indirect, in any transaction which has occurred within the three years before the date of this AIF or in any proposed transaction, that has materially affected or will materially affect the Company or a subsidiary of the Company.

## **12. TRANSFER AGENT AND REGISTRAR**

Aduro Energy’s transfer agent and registrar for its Common Shares is Computershare Investor Services Inc., of 510 Burrard Street, 3rd Floor, Vancouver, British Columbia V6C 3B9. Transfers may be recorded in Toronto, Ontario or Vancouver, British Columbia.

## **13. MATERIAL CONTRACTS**

Except for contracts made in the ordinary course of business, the following are the only material contracts entered into by the Company during the year ended May 31, 2022 and to the date hereof which are currently in effect and considered to be material:

- (a) the Securities Exchange Agreement, as described elsewhere in this AIF;
- (b) the Amendment Agreement, as described elsewhere in this AIF;
- (c) the Listing Statement, as described elsewhere in this AIF; and
- (d) the 2021 Escrow Agreement, as described elsewhere in this AIF.

The Company confirms that it has posted on SEDAR all material contracts listed in this AIF.

## **14. INTERESTS OF EXPERTS**

No person or company whose profession or business gives authority to a statement made by the person or company and who is named as having prepared or certified a part of this AIF or as having prepared or certified a report or valuation described or included in this AIF holds any beneficial interest, direct or indirect, in any

securities or property of the Company or of an Associate or Affiliate of the Company and no such person is expected to be elected, appointed or employed as a director, senior officer or employee of the Company or of an Associate or Affiliate of the Company and no such person is a promoter of the Company or an Associate or Affiliate of the Company. DeVisser Gray LLP is independent of the Company in accordance with the rules of professional conduct of the Chartered Professional Accountants of British Columbia.

## **15. ADDITIONAL INFORMATION**

Additional information relating to the Company may be found on SEDAR at [www.sedar.com](http://www.sedar.com).

Additional information relating to the Company's Audit Committee may be found in the Company's most recent MD&A, available on SEDAR at [www.sedar.com](http://www.sedar.com). In addition, the Company's Audit Committee Charter is attached hereto as Schedule A.

Additional financial information is provided in Aduro's audited financial statements and related management discussion and analysis for its financial year ended May 31, 2022, available on SEDAR at [www.sedar.com](http://www.sedar.com)

**SCHEDULE A**

**Audit Committee Charter**

**ADURO CLEAN TECHNOLOGIES INC.**  
**(the "Company")**

**AUDIT COMMITTEE CHARTER**

**1. Mandate**

The audit committee will assist the board of directors (the "Board") in fulfilling its financial oversight responsibilities. The audit committee will review and consider in consultation with the auditors the financial reporting process, the system of internal control and the audit process. In performing its duties, the committee will maintain effective working relationships with the Board, management, and the external auditors. To effectively perform his or her role, each committee member must obtain an understanding of the principal responsibilities of committee membership as well and the company's business, operations and risks.

**2. Composition**

The Board will appoint from among their membership an audit committee after each annual general meeting of the shareholders of the Company. The audit committee will consist of a minimum of three directors.

*2.1 Independence*

A majority of the members of the audit committee must not be officers, employees or control persons of the Company. If the Company ceases to be a "venture issuer" as that term is defined in Multilateral Instrument 52-110 entitled "Audit Committees" ("MI 52-110"), then all of the members of the audit committee shall be free from any material relationship with the Company within the meaning of MI 52-110.

*2.2 Financial Literacy of Committee Members*

Each member of the audit committee must be financially literate or must become financially literate within a reasonable period of time after his or her appointment to the committee. A person is generally considered "financially literate" if he or she has the ability to read and understand a set of financial statements that present a breadth and level of complexity of accounting issues that are generally comparable to the breadth and complexity of the issues that can reasonably be expected to be raised by the Company's financial statements.

**3. Meetings**

The audit committee shall meet at least annually with the Company's Chief Financial Officer and external auditors in separate executive sessions.

**4. Roles and Responsibilities**

The audit committee shall fulfill the following roles and discharge the following responsibilities:

*4.1 External Audit*

The audit committee shall be directly responsible for overseeing the work of the external auditors in preparing or issuing the auditor's report, including the resolution of disagreements between management and the external auditors regarding financial reporting and audit scope or procedures. In carrying out this duty, the audit committee shall:

- a) recommend to the Board the external auditor to be nominated by the shareholders for the purpose of preparing or issuing an auditor's report or performing other audit, review or attest services for the Company;
- b) review (by discussion and enquiry) the external auditors' proposed audit scope and approach;
- c) review the performance of the external auditors and recommend to the Board the appointment or discharge of the external auditors;
- d) review and recommend to the Board the compensation to be paid to the external auditors; and



- e) review and confirm the independence of the external auditors by reviewing the non-audit services provided and the external auditors' assertion of their independence in accordance with professional standards.

#### 4.2 *Internal Control*

The audit committee shall consider whether adequate controls are in place over annual and interim financial reporting as well as controls over assets, transactions and the creation of obligations, commitments and liabilities of the Company. In carrying out this duty, the audit committee shall:

- a) evaluate the adequacy and effectiveness of management's system of internal controls over the accounting and financial reporting system within the Company;
- b) and ensure that the external auditors discuss with the audit committee any event or matter which suggests the possibility of fraud, illegal acts or deficiencies in internal controls.

#### 4.3 *Financial Reporting*

The audit committee shall review the financial statements and financial information prior to its release to the public. In carrying out this duty, the audit committee shall:

##### *General*

- a) review significant accounting and financial reporting issues, especially complex, unusual and related party transactions; and
- b) review and ensure that the accounting principles selected by management in preparing financial statements are appropriate.

##### *Annual Financial Statements*

- a) review the draft annual financial statements and provide a recommendation to the Board with respect to the approval of the financial statements;
- b) meet with management and the external auditors to review the financial statements and the results of the audit, including any difficulties encountered; and
- c) review management's discussion & analysis respecting the annual reporting period prior to its release to the public.

##### *Interim Financial Statements*

- a) review and approve the interim financial statements prior to their release to the public; and
- b) review management's discussion & analysis respecting the interim reporting period prior to its release to the public.

##### *Release of Financial Information*

- a) where reasonably possible, review and approve all public disclosure, including news releases, containing financial information, prior to its release to the public.

#### 4.4 *Non-Audit Services*

All non-audit services (being services other than services rendered for the audit and review of the financial statements or services that are normally provided by the external auditor in connection with statutory and regulatory filings or engagements) which are proposed to be provided by the external auditors to the Company or any subsidiary of the Company shall be subject to the prior approval of the audit committee.

##### *Delegation of Authority*

- a) The audit committee may delegate to one or more independent members of the audit committee the authority to approve non-audit services, provided any non-audit services approved in this manner must be presented to the audit committee at its next scheduled meeting.

#### *De-Minimis Non-Audit Services*

- a) The audit committee may satisfy the requirement for the pre-approval of nonaudit services if:
  - i. the aggregate amount of all non-audit services that were not pre-approved is reasonably expected to constitute no more than five per cent of the total amount of fees paid by the Company and its subsidiaries to the external auditor during the fiscal year in which the services are provided; or
  - ii. the services are brought to the attention of the audit committee and approved, prior to the completion of the audit, by the audit committee or by one or more of its members to whom authority to grant such approvals has been delegated.

#### *Pre-Approval Policies and Procedures*

- a) The audit committee may also satisfy the requirement for the pre-approval of nonaudit services by adopting specific policies and procedures for the engagement of nonaudit services, if:
  - i. the pre-approval policies and procedures are detailed as to the particular service;
  - ii. the audit committee is informed of each non-audit service; and
  - iii. the procedures do not include delegation of the audit committee's responsibilities to management.

#### *4.5 Other Responsibilities*

The audit committee shall:

- a) establish procedures for the receipt, retention and treatment of complaints received by the company regarding accounting, internal accounting controls, or auditing matters;
- b) establish procedures for the confidential, anonymous submission by employees of the company of concerns regarding questionable accounting or auditing matters;
- c) ensure that significant findings and recommendations made by management and external auditor are received and discussed on a timely basis;
- d) review the policies and procedures in effect for considering officers' expenses and perquisites;
- e) perform other oversight functions as requested by the Board; and
- f) review and update this Charter and receive approval of changes to this Charter from the Board.

#### *4.6 Reporting Responsibilities*

The audit committee shall regularly update the Board about committee activities and make appropriate recommendations.