

**THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.** If you are in any doubt as to the action you should take you are recommended to seek your own independent financial advice immediately from your stockbroker, bank manager, solicitor, accountant or other independent financial adviser authorized, under the Financial Services and Markets Act 2000 if you are resident in the United Kingdom or, if not, another appropriately authorised independent financial adviser in your own jurisdiction.

If you have sold or otherwise transferred all of your ordinary shares in KleenAir Systems International plc, please forward this document together with the accompanying Form of Proxy as soon as possible to the purchaser or transferee, or to the stockbroker, bank or other agent through whom the sale or transfer was effected for delivery to the purchaser or transferee. However, such documents should not be distributed, forwarded or transmitted in or into any jurisdiction in which such an act would constitute a breach of the relevant laws of such jurisdiction.

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**KLEENAIR SYSTEMS INTERNATIONAL PLC**

*(Incorporated and registered in England and Wales under the Companies Act 1985 (as amended)  
with registered number 5075088)*

**Notice of 2012 Annual General Meeting**

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Notice of the 2012 Annual General Meeting ("**Annual General Meeting**") of KleenAir Systems International plc (the "**Company**") to be held at 11.00 am on 31 December 2012 at the offices of WestHouse Securities Limited, One Angel Court, London EC2R 7HJ is included at the end of this document.

**A Form of Proxy for use at the Annual General Meeting is attached. Whether or not you propose to attend the Annual General Meeting, please complete and return the Form of Proxy in accordance with the instructions set out on it. To be valid, Forms of Proxy must be completed and returned to Share Registrars Limited as soon as possible, but in any event to be received by Share Registrars Limited, 9 Lion & Lamb Yard, Farnham, Surrey, GU9 7LL by no later than 11.00 a.m. on 27 December 2012.** The completion and return of a Form of Proxy will not prevent you from attending the Annual General Meeting and voting in person if you so wish and are so entitled. Your attention is drawn to the notes to the Form of Proxy.

The distribution of this document in jurisdictions other than the United Kingdom may be restricted by law and therefore persons into whose possession this document comes should inform themselves about and observe any such restrictions. Any failure to comply with these restrictions may constitute a violation of the securities laws of any such jurisdiction.

This document should be read as a whole. Your attention is drawn to the letter from the Chairman of KleenAir Systems International plc which is set out on pages 3 to 6 (inclusive) of this document and which recommends you to vote in favour of the Resolutions.

Copies of this document are available from the Company's registered office during normal business hours on any weekday (Saturday, Sunday and public holidays excepted) until 31 December 2012.

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## EXPECTED TIMETABLE OF PRINCIPAL EVENTS

Date of this Document	5 December 2012
Latest time and date for receipt of Forms of Proxy	11.00 a.m. on 27 December 2012
Annual General Meeting	11.00 a.m. on 31 December 2012
Record Date	11.00 a.m. on 27 December 2012

## DEFINITIONS

The following definitions apply throughout this document, unless the context requires otherwise:

<b>"Act"</b>	the Companies Act 2006, as amended from time to time.
<b>"AGM" or "Annual General Meeting"</b>	the 2012 Annual General Meeting of the Company convened for 11.00 am on Monday 31 December 2012 at the offices of WestHouse Securities Limited, One Angel Court, London EC2R 7HJ to approve the Resolutions, or any adjournment of it notice of which is set out at the end of this document.
<b>"AIM"</b>	the AIM market operated by the London Stock Exchange.
<b>"AIM Rules"</b>	the rules applicable to companies whose shares are traded on AIM published by the London Stock Exchange from time to time.
<b>"Articles"</b>	the Company's articles of association, as amended from time to time.
<b>"Board" or "Directors"</b>	the directors of the Company, whose names are set out on page 3 of this document.
<b>"Company" or "Kleenair"</b>	KleenAir Systems International plc, a company incorporated in England and Wales under company number 5075088.
<b>"Convertible Loan Notes"</b>	means collectively, the £220,000 principal amount of secured convertible loan notes created by an instrument dated 10 October 2009 and the £1,000,000 principal amount of secured convertible loan notes created by an instrument dated 22 June 2010.
<b>"London Stock Exchange"</b>	London Stock Exchange plc.
<b>"Ordinary Shares"</b>	the ordinary shares of 0.1 penny each in the Company.
<b>"Notice of AGM"</b>	the notice convening the Annual General Meeting which is set out at the end of this document.
<b>"Resolutions"</b>	the resolutions set out in the Notice of AGM.
<b>"Shareholders" or "Members"</b>	holders of Ordinary Shares.

## LETTER FROM THE CHAIRMAN

### KLEENAIR SYSTEMS INTERNATIONAL PLC

*(Incorporated and registered in England and Wales under the Companies Act 1985 (as amended)  
with registered number 5075088)*

*Directors:*

John Gunn (Executive Chairman)  
Jubeenh Nazhat (Non-Executive)

*Registered Office:*

2nd Floor  
2 London Wall Buildings  
London,  
EC2M 5PP

5 December 2012

*To the holders of the Ordinary Shares and, for information only, to holders of the Convertible Loan Notes*

Dear Shareholder

#### **The laying of the 2012 report and accounts, renewal of shareholder approval of the Company's Investing policy and Notice of the 2012 Annual General Meeting**

I am pleased to be writing to you with details of the 2012 Annual General Meeting which will be held at the offices of WestHouse Securities Limited, One Angel Court, London EC2R 7HJ at 11.00 a.m. The formal notice of AGM is set out on page 8 of this document. The purpose of this letter is to explain certain elements of the business to be considered at the meeting and to provide an update on the Company's recent activities.

#### **RECENT ACTIVITIES**

##### ***Investment in Inspirit Energy Limited ("Inspirit")***

The Company intends to retain its interest in Inspirit Energy Limited as a long-term investment. Inspirit Energy Limited continues to make good progress.

##### ***Exercise of Convertible Loan Notes created on 22 June 2010***

Global Investment Strategy UK Limited ("GIS") has two loan note instruments dated 22 June 2010 and 22 November 2009 under which some of the debt owing to GIS has been converted into shares in Kleenair during the year ended 30 June 2012. The undiscounted debt outstanding on each of the loan note instruments is £75,141 and £147,871 respectively. The total undiscounted debt outstanding to GIS is £223,012, excluding interest.

GIS has confirmed their financial support to KleenAir for at least the next twelve months, allowing KleenAir to continue as a going concern.

#### **Changes to the Board of Directors**

## **Appointments**

### ***Appointment of Jubeenh Nazhat as Non-Executive Director***

On 12 January 2012 Jubeenh Nazhat was appointed as Non-Executive Director and Company Secretary. Ms Nazhat is a corporate solicitor with over 10 years' experience of working in top city law firms and in-house for the public sector. Miss Nazhat's background as a solicitor and her experience in Corporate Finance have been immensely beneficial to KleenAir.

## **Resignations**

### ***Resignation of Non-Executive Directors***

On 10 January 2012 Sarah Pozner resigned from her position as Non-Executive Director and Company Secretary. The Board would like to thank Sarah Pozner for her contribution and efforts.

## **Continued Research into Investment Opportunities**

KleenAir continues to hold a 17.05% stake in Inspirit Energy Limited, a company in the final stages of development of a micro combined heat and power appliance. Inspirit Energy Limited continues to make good progress.

## **Financial Results**

The Financial Statements for the year to 30 June 2012 are set out in the following pages. The Financial Statements show revenue of £26,446 and administrative expenses have been reduced by 4%.

## **ANNUAL GENERAL MEETING**

### **Resolution 1 – to receive the Annual Report and Accounts**

The Chairman will present the Annual Report and Accounts for the year ended 30 June 2012 to the meeting. A copy is available on the Company's website at [www.kleenair-systems.com](http://www.kleenair-systems.com).

### **Resolution 2 – re-appointment of John Gunn**

Resolutions 2, deals with the re-appointment of John Gunn as a director who retires by rotation.

### **Resolution 3 – re-appointment of Jubeenh Nazhat**

Resolutions 3, deals with the re-appointment of Jubeenh Nazhat as a director who retires by rotation.

### **Resolutions 4 and 5 – re-appointment of auditors**

Resolution 4 relates to the appointment of Littlejohn LLP, Chartered Accountants as the Company's auditors to hold office until the next AGM of the Company and Resolution 5 authorises the Directors to set their remuneration.

## **Resolution 6 – allotment of share capital**

At the last annual general meeting of the Company held on 13 December 2011, the Directors were given authority to allot Ordinary Shares in the capital of the Company up to a maximum nominal amount of one million, five hundred thousand pounds (£1,500,000).

Your Board considers it appropriate that a further similar authority be granted to allot ordinary shares in the capital of the Company up to the same maximum nominal amount one million five hundred thousand pounds (£1,500,000). As at the date of this letter the Company does not hold any Ordinary Shares in the capital of the Company in treasury.

## **Resolution 7 – disapplication of statutory pre-emption rights**

Resolution 7 will empower the Directors to allot ordinary shares in the capital of the Company for cash on a non-pre-emptive basis:

1. In connection with a rights issue or other pro-rata offer to existing shareholders; and
2. (Otherwise than in connection with a rights issue) up to a maximum nominal value of one million, five hundred thousand pounds (£1,500,000).

**Resolution 8** – relates to the adoption by the Company of the New Investing Policy, providing a strategy of investing in the technology, environmental and energy sectors in the United Kingdom and Europe on the terms set out in the attached circular to shareholders.

## **ACTION TO BE TAKEN**

### *Form of Proxy*

You will find enclosed a Form of Proxy for use at the Annual General Meeting. Whether or not you intend to be present at the Annual General Meeting, you are requested to complete the Form of Proxy (in accordance with the instructions printed on it) and return it to the Company's registrars, Share Registrars Limited, 9 Lion & Lamb Yard, Farnham, Surrey, GU9 7LL as soon as possible and, in any event, so as to arrive no later than 11.00 a.m. on 27 December 2012.

Completing and returning a Form of Proxy will not preclude you from attending the Annual General Meeting and voting in person if you wish to do so.

## **RECOMMENDATION**

The Board considers that all the Resolutions to be considered at the Annual General Meeting are in the best interests of the Company and Shareholders as a whole. Accordingly, the Board unanimously recommend you to vote in favour of the Resolutions as they intend to do in respect of their own shareholdings (which amount to 7,290,160 Ordinary Shares, representing 11.2 per cent of the voting rights of the Company).

Yours faithfully,



**John Gunn**  
Executive Chairman

**KLEENAIR SYSTEMS INTERNATIONAL PLC**

*(Incorporated and registered in England and Wales under the Companies Act 1985 (as amended)  
with registered number 5075088)*

**NOTICE OF 2012 ANNUAL GENERAL MEETING**

NOTICE IS HEREBY GIVEN that the 2012 Annual General Meeting ("**Annual General Meeting**") of KleenAir Systems International plc (the "**Company**") will be held at the offices of WestHouse Securities Limited, 27 Martin Lane, London EC4R 0DR at 11.00 a.m., on 31 December 2012 to consider and, if thought fit, pass the following resolutions which will be proposed, in the case of resolutions 1 to 6 inclusive as ordinary resolutions of the Company and resolutions 7 and 8 as a special resolutions of the Company:

**ORDINARY RESOLUTIONS**

1. **TO** receive and adopt the Company's audited financial statements for the period ending 30 June 2012 and the associated Directors' and Auditors' reports thereon.
2. **TO** re-elect John Gunn who retires by rotation as a director of the Company.
3. **TO** re-elect Jubeenh Nazhat who retires by rotation as a director of the Company.
4. **TO** re-appoint Littlejohn LLP, Chartered Accountants as the Company's auditors (the "**Auditors**") until the conclusion of the Company's Annual General Meeting in 2012.
5. **TO** authorise the Directors to fix the Auditors' remuneration.
6. **THAT** the directors be and they are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 (the "**2006 Act**") in substitution for all existing authorities to exercise all the powers of the Company to allot shares and to make offers or agreements to allot shares in the Company or grant rights to subscribe for or to convert any security into shares in the Company (together "Relevant Securities") up to an aggregate nominal amount of one million, five hundred thousand pounds (£1,500,000); and
  - 6.1. to exercise all the powers of the Company to allot equity securities (within the meaning of section 560 of the 2006 Act) up to an aggregate nominal amount of one million, five hundred thousand pounds (£1,500,000) provided that this authority may only be used in connection with a rights issue in favour of holders of Ordinary Shares and Convertible Loan Notes and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record dates as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held or deemed to be held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever, provided that the authority shall expire at the conclusion of the next annual general meeting of the Company after the passing of this resolution or if earlier on the date which is 15 months after the date of the annual general meeting, except that the Company may before such expiry make an offer or agreement which would or might require Relevant Securities or equity securities as the case may be to be allotted after such expiry and the directors may allot Relevant Securities or equity securities in pursuance of any such offer or agreement as if the authority in question had not expired.

## SPECIAL RESOLUTIONS

7. **THAT** the directors be and are empowered, in accordance with section 570 of the 2006 Act, to allot equity securities (as defined in section 560(1) of the 2006 Act) for cash pursuant to the authority conferred by **resolution** number 6 or by way of a sale of treasury shares as if section 561(1) of the 2006 Act did not apply to any such allotment, provided that this power shall be limited to:
- 7.1. the allotment of equity securities in connection with a rights issue or other pro rata offer (but, in the case of the authority granted conferred by paragraph 6.2, by way of a rights issue only) in favour of holders of Ordinary Shares and other persons entitled to participate therein where the equity securities respectively attributable to the interests of all those persons at such record date as the directors may determine are proportionate (as nearly as may be) to the respective numbers of equity securities held by them or are otherwise allotted in accordance with the rights attaching to such equity securities subject in each case to such exclusions or other arrangements as the directors may consider necessary or expedient to deal with fractional entitlements or legal difficulties under the laws of any territory or the requirements of a regulatory body or stock exchange or by virtue of shares being represented by depositary receipts or any other matter whatsoever;
- 7.2. In connection with the conversion of the Convertible Loan Notes, at the request of the holders of the Convertible Loan Notes; and
- 7.3. the allotment (otherwise than pursuant to **paragraph 7.1** above) of equity securities up to an aggregate nominal amount of two hundred thousand pounds (£200,000), and shall expire upon the expiry of the general authority conferred by resolution 6 above, except that the Company may make an offer or agreement before this power expires which would or might require equity securities to be allotted and/or shares held by the Company in treasury to be sold or transferred after such expiry and the directors may allot equity securities and/or shares held by the Company in treasury in pursuance of such offer or agreement as if the power conferred by this resolution had not expired.
8. **TO** adopt the New Investing Policy, providing a strategy of investing in the technology, environmental and energy sectors in the United Kingdom and Europe on the terms set out in the attached circular to shareholders.

By order of the Board



.....  
John Gunn  
Executive Chairman  
5 December 2012

Registered Office:  
2nd Floor  
2 London Wall Buildings  
London EC2M 5PP

## Notes

- (1) Every member who is entitled to attend and vote at this meeting is entitled to appoint one or more proxies to attend, speak and vote (in a show of hands or a poll) in his/her stead. A proxy need not be a member of the Company but must attend the Annual General Meeting to represent you. Authorised representatives of corporate members have full voting powers.
- (2) A form of proxy which may be used to make a proxy appointment accompanies this Notice (the "**Form of Proxy**").
- (3) The return of a completed proxy form will not prevent a shareholder attending the Annual General Meeting and voting in person if he/she wishes to do so. If you have appointed a proxy and attend the Annual General Meeting in person, your proxy appointment will automatically be terminated.
- (4) To be effective for the Annual General Meeting, the Form of Proxy (together with any power of attorney or other written authority under which it is signed or notarially certified copy of such power or written authority) must be lodged at the offices of the Company's registrars, Share Registrars Limited, 9 Lion & Lamb Yard, Farnham, Surrey, GU9 7LL not later than 48 hours before the time appointed for the holding of the meeting or adjourned meeting or (in the case of a poll taken otherwise than at or on the same day as the meeting or adjourned meeting) not less than 27 hours before the time appointed for the taking of the poll at which it is to be used. In determining the time for receipt of proxies no account shall be taken of any part of a day that is not a working day.
- (5) You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different Ordinary Shares. You may not appoint more than one proxy to exercise rights attached to any one Ordinary Share. To appoint more than one proxy complete and submit more than one Proxy Form and make it clear how many Ordinary Shares the proxy has voting rights over. Failure to specify the number of Ordinary Shares each proxy appointment relates to or specifying a number of Ordinary Shares in excess of those held by the member on the record date will result in the proxy appointment being invalid.
- (6) In order to revoke a proxy instruction you will need to inform the Company by sending a signed hard copy notice clearly stating your intention to revoke your proxy appointment to the Company's Registrars, Share Registrars Limited, 9 Lion & Lamb Yard, Farnham, Surrey, GU9 7LL. In the case of a member which is a company, the revocation notice must be executed in accordance with the following:
  - i. Any power of attorney or any other authority under which the revocation notice is signed (or a duly certified copy of such power or authority) must be included with the revocation notice. The revocation notice must be received by Company Registrars not less than 48 hours before the time fixed for the holding of the Annual General Meeting or any adjourned Annual General Meeting (or in the case of a poll not less than 48 hours before the time appointed for taking the poll) at which the proxy is to attend, speak and vote.
  - ii. If you attempt to revoke your proxy appointment but the revocation is received after the time specified then, subject to paragraph (8), your proxy appointment will remain valid.
- (7) A corporation's form of proxy must be executed pursuant to the terms of section 44 of the Companies Act 2006 or under the hand of a duly authorised officer or attorney. Any corporation which is a member of the Company may authorise a person (who need not be a member of the Company) to act as its representative to attend, speak and vote (on a show of hands or a poll) on its behalf. A corporate representative may exercise on behalf of a member corporation all of its powers as a member provided that they do not do so in relation to the same shares.
- (8) Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001 and paragraph 18 ( c ) of the Companies Act 2006 (Consequential Amendments) (Uncertificated Securities) Order 2009, the Company specifies that the time by which a person must be entered on the register of members in order to have the right to attend or vote at the Annual General Meeting is 11.00am on 27 December 2012. If this meeting is

adjourned, the time by which a person must be entered on the register of members in order to have the right to attend or vote at the adjourned meeting is 48 hours before the date fixed for the adjourned meeting. Changes to entries on the register of members after the relevant time will be disregarded in determining the rights of any person to attend or vote at the meeting.

- (9) The statement of the rights of shareholders in relation to the appointment of proxies in paragraphs 1 and 2 above does not apply to the Nominated Persons. The rights described in these paragraphs can only be exercised by shareholders of the Company.
- (10) As at 5 December 2012 the Company's issued share capital consists of 68,139,505 Ordinary Shares carrying one vote each, and 120,121 B Ordinary Shares carrying no voting rights and 400,932 Deferred Shares carrying no voting rights. Therefore, the total voting rights in the Company as at 5 December 2012 are 68,139,505.