



The Clear Water Revolution

Presenting: OriginClear, Inc.
3rd Quarter 2017



A leading provider of water treatment solutions.

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Who Is OriginClear?



- A public company (OCLN) with a loyal investor base.
- Developed a breakthrough technology for high-speed water treatment.
- Commercial model:
 - Licensing,
 - Joint Ventures,
 - Services, manufacturing and consumables for licensees.
- Now acquiring profitable water treatment companies.

The Technology



- Electro Water Separation™ technology (EWS) developed entirely in-house.
- 43 patents and patent applications worldwide, supporting 11 key inventions.
- Advanced Oxidation breakthrough completed March 2016.
- Final suite of technologies now known as EWS:AOx™.

The World's Water Problem...



- By 2030, world demand for water will outstrip supply by 40 percent.
- Close to half of the world's population will be living in water-stressed areas.

Source: ["A Blue Revolution – Global Water"](#)

...Drives Growth of an Industry



- Global water services industry on pace to double its annual revenues to \$1 trillion by 2020.
- Growth trend driven by scarcity issues and growing demand for water treatment.

Source: ["A Blue Revolution – Global Water"](#)

Two Key Problem Areas

1. Extremely fouled, oily organic effluents, such as:
 - Oil and Gas produced and frac flowback water.
 - Landfill runoff (“black water”).
 - Agricultural lagoons and runoff.
 - Cooling tower water.

2. Toxins in drinking water supply:
 - Volatile Organic Compounds (VOCs) – solvents etc.
 - Endocrine Disrupting Chemicals (EDCs) – hormones etc.
 - Pharmaceuticals – valium etc.

Solution #1: Fouled, Oily Waters



- Conventional technology...
 - Demands continuous chemicals.
 - Settling ponds and tanks required.
 - If done poorly, can shorten membrane and filter life.
- **Electro Water Separation™** solution:
 - Chemical-free.
 - Scalable continuous process.
 - Promotes long life in membranes and filters.



Solution #2: Toxins in Water



- Current technology won't scale, therefore:
 - Drinking water not treated for micro-toxins.
 - Aquifers tainted (e.g. dioxane in SoCal wells).
 - “Toilet-To-Tap” can contain hormones, drugs.
- **Advanced Oxidation (AOx)** eliminates:
 - Ammonia, Bacteria.
 - Volatile Organic Compounds (VOCs).
 - Endocrine Disrupting Chemicals (EDCs).
 - Pharmaceuticals.



Evolution of a Technology



- 2007-2008: early research in algae production.
- 2009-2011: EWS extracts algae from water for biofuels.
- Ø But the fracking boom sidelines the algae biofuel market...

...THE PIVOT TO WATER TREATMENT:

- 2011: EWS effectively clarifies oil & gas production water.
- 2015: EWS first commercial industrial water customers.
- 2015: EWS effectively sweetens sour wells without chemicals.
- 2016: AOx reacts micro-contaminants in water.

Commercialization Strategy



- Wide PR visibility to attract early adopters.
- Industry engagement to develop awareness.
- Commercial Channels:
 - Master licensee for China (100% owned HK sub)
 - Strategic joint ventures
 - Licensees who are system integrators
 - Our own manufacturing and supply chain for licensees.

Commercial Network



- Master licensee for China:
OC Technologies (HK)
- Joint Ventures:
 - Malaysia
 - Thailand
 - Cobalt Aqua Control (Texas)
 - Unannounced (US Petro)
 - Ennesys (Middle East)
- OEM Licensees:
 - North Africa: UltraEpur
 - Europe: Depuporc
 - China: SDTH (for Sinopec)
- First Certified Manufacturer:
 - Progressive Water Treatment (Texas)

Proving The Technology



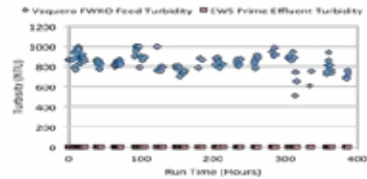
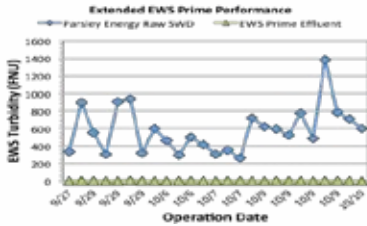
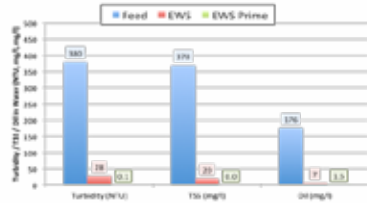
- [TriSep and OriginClear Release Technical Paper Results Confirming Treatment For Produced Water Reuse](#)
 - Paper presented at International Water Conference (IWC) 2015
- [Demonstration system proved in pilot program in Kern County](#)
 - Extensive third-party testing demonstrated 2016 pilot program a technical success.
- Earlier validations:
 - Colorado Western Slope
 - Texas Permian Basin.

Wide Range of Asia Test Cases



<i>Description</i>	Initial COD mg/l	Initial NH ₃ mg/l	Final COD mg/l	Final NH ₃ mg/l	% COD removal	% NH ₃ removal
<i>MK (China)</i>	13,000	7,100	840	2,200	94%	69%
<i>HK (China)</i>	2,895	3,210*	656	11*	77%	97%*
<i>WW (M'sia)**</i>	830	13	335	0	60%	100%
<i>LG (China)</i>	2,975	3,500	1,000	610	66%	83%
<i>NY (China)</i>	2,058	23	204	0.5	90%	98%
<i>YY (China)</i>	67,584	10,460	16,477	402	76%	96%
<i>Average</i>					77%	90%

Extensive Field Experience



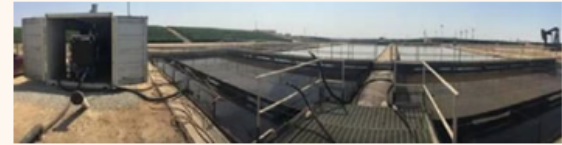
Actual samples of water cleanup stages as part of total system

Oil Industry Validates EWS



- 2016: Kern County's Valley Water Management authority commissioned 60-day test.
- Results met VWM test plan.
- Public acknowledgment by VWM representative.
- Additional pilots are in planning stage.

Case Study: OriginClear technology decontaminates Produced water rapidly and economically in Kern County



A demonstration system based on OriginClear™ technology effectively decontaminated Produced water in a pilot program at a storage and disposal site in the USA's most productive oil county.

Extensive third-party testing demonstrated that the pilot program was a technical success.

[*Read more \(PDF\)*](#)

Breakthrough at Oil Supermajor



- Sinopec is world's second largest oil company.
- Q2: launched [pilot program](#).
 - Sinopec shale gas site in China's Shandong province.
 - Supported by provincial government.



Sinopec success is a key domino for adoption in China and beyond.

First Commercial Scale Site

- Malaysia: landfill retrofit:
 - ~\$400K in 2 phases
 - Consumables (~30%)
 - Royalty (undisclosed)
 - Share of joint venture
- 300 landfills in Malaysia that all need retrofits!
- Key case study for landfill projects in China, USA...



...into academic program.

- In Q1, entered Master Research Agreement w/Florida Atlantic University (FAU) in Boca Raton, FL.
- Focus on landfill water treatment in USA, using Asia experience.
- FAU now testing East US landfill runoff samples, will correlate with Asia results.
- **USA awareness of landfill issues growing, timing excellent for us.**

Major Opportunity in Permian



- Permian Basin = “America’s Saudi Arabia”
- Massive growth creating water challenges.
 - 2017 estimated water use: 14 MMb/d
 - 2022 forecasted water use: 23 MMb/d – nearly double!
- *“...the largest single cost of operating a well — sometimes more than half of total operating cost — is produced-water disposal.”*
- Produced water disposal is a major opportunity for OriginClear.

Wipe Out! - How Will Permian E&Ps Dispose Of All That Produced Water?

RBN Energy Daily Blog <https://goo.gl/uuZQe7>

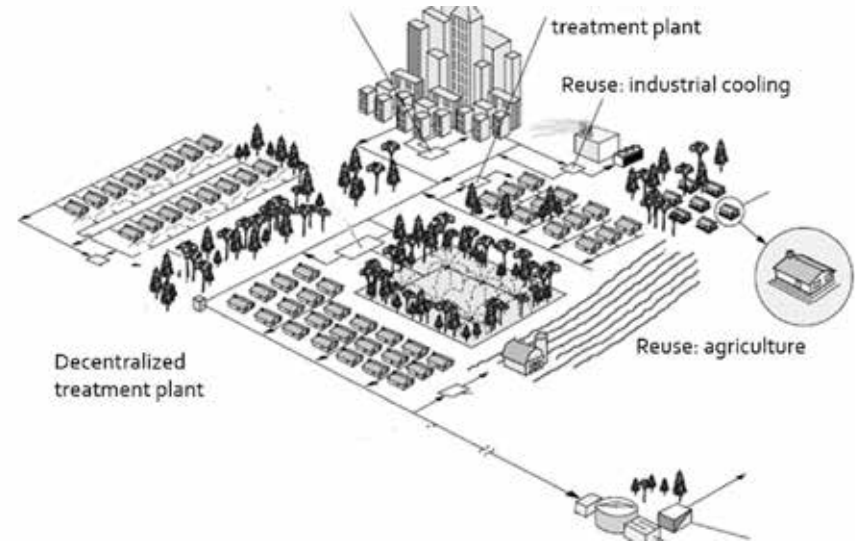
Advanced Oxidation Potential



- Replacing biocide used to kill Sulfur-Reducing Bacteria (SRB) that leads to sour crude.
 - Initial tests have shown effectiveness, potential 50% cost reduction over conventional biocides.
- Consumer opportunity to develop “faucet device” that eliminates drinking water micro-toxins.
 - Status: R&D

Meanwhile, Decentralization...

- America's water treatment infrastructure is broken.
- Quarter trillion dollars required to fix it – not going to happen!
- Alternative: end users process water on site.
- This is the distributed water revolution.



Source: [Lux Research](#): The Future of Decentralized Water

...Drives Acquisition Strategy

- Harness the fast-growing “distributed water” trend by...
- ...Acquiring profitable water treatment companies....
- ...also creating captive distribution assets for our technology.



2015: first company acquired — PWT

PWT Wins Contracts Nationwide



- Q2: PWT ships mobile reverse osmosis (RO) treatment facility to Santa Clara Valley Water District.
- \$250K+ competitive bid award, won by a Texas company in California!



The Revenue Picture



Revenue and Gross Profit
take off from 2015 to 2016.

(in round numbers)	2015	2016	Change
REVENUE	1 M	5 M	+ 400 %
GROSS PROFIT	100 K	1.5 M	+ 1,400 %

Revenue and Profit Factors

What caused the big jump from 2015 to 2016?

- ü First acquisition, PWT, closed 1 October 2015, ...adding \$4M+ in revenues
...and a big boost in gross profits (about 30% of revenues).

(in round numbers)	2015	2016	Change
REVENUE	1 M	5 M	+ 400 %
GROSS PROFIT	100 K	1.5 M	+ 1,400 %

Additional Factors:

- ü Technology revenue increased by 50% to about \$300K.
- ü Operating Losses cut in half — with continuing reductions in corporate overhead and operating costs.

Outlook for 2017

After slow start in Q1, PWT sales on strong uptrend:

- ü 30M+ in quotes out
- ü Healthy Q2 sales rate.
- ü May invoices + orders exceeded \$1M!

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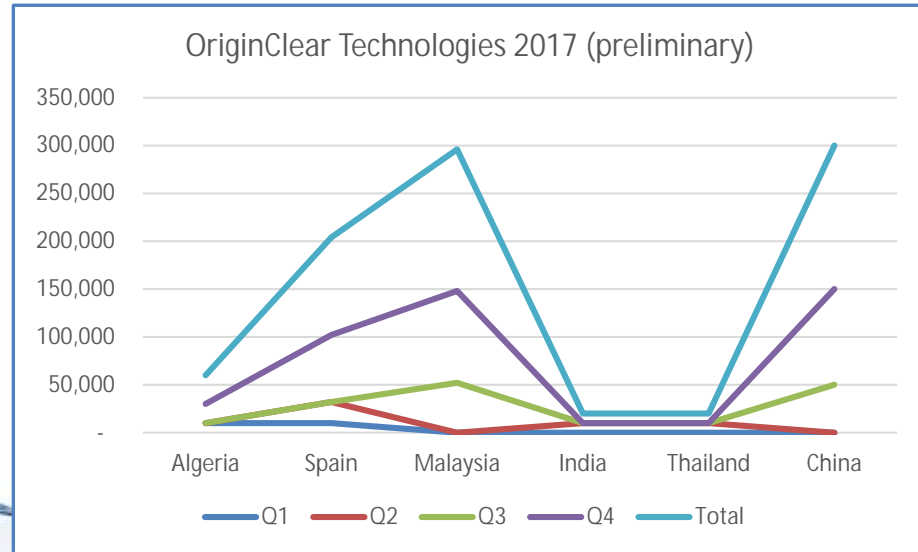
- ü Technology div:
 - ...Sharp uptick in demo sales.
 - ...Royalties start this year.
 - ...Planning 50% growth in 2017.

Technology Momentum 2017



2017 (preliminary)	Algeria	Spain	Malaysia	India	Thailand	China	Totals
Q1	10,000	10,000					20,000
Q2		22,000	32,000	10,000	10,000		74,000
Q3			20,000			50,000	70,000
Q4	20,000	70,000	96,000			100,000	286,000
Total	\$ 30,000	\$ 102,000	\$ 148,000	\$ 10,000	\$ 10,000	\$ 150,000	\$ 450,000

- ü Initial revenues: first licensee services, demo purchases, building to royalty stream.
- ü First royalties start December.
- ü \$2 million+ already on 2018 horizon.



Profitability Outlook

In addition to organic growth:

- ü Continued cost management,
- ü Profitable acquisitions, ...Intended to supplement organic growth.

(in round numbers)	2015	2016	Change
REVENUE	1 M	5 M	+ 400 %
GROSS PROFIT	100 K	1.5 M	+ 1,400 %

- ü Cost reductions already made at corporate...
- ü ...Negotiating one or more acquisitions to accelerate to profitability.

Management Team



Riggs Eckelberry

Founding Chairman
and CEO

Multiple dotcom exits including Yellowpages.com in 2004. Prepped CyberDefender for NASDAQ IPO mid 2000s.

Jean-Louis Kindler

President, OriginClear
Technologies

Co-founder of OC joint venture Ennesys. CEO MHS Equipment (42 M€, 360 employees in 2008)

Bill Charneski

President, OriginClear
Group

15 years Dow Chemical in management, sales; acquisition and innovation track record.

Marc Stevens

President, Progressive
Water Treatment

Over 15 years, built PWT into solid water player with outstanding reputation.