



TELECONFERENCE BRIEFING

BY CEO RIGGS ECKELBERRY

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Tom: Hey, this is [Tom Marchesello](#), how are you doing?

Riggs: Good!

Riggs: I believe we have Tom on the line. Tom?

Tom: Yes, sir.

Riggs: You've already announced yourself, great. We had a [chance to introduce Tom once again to the TV audience](#), this time live. He's actually a repeat star on the [syndicated TV show](#) and we were able to have a really good session today to discuss the amazing work that he's doing with [Modular Water Systems](#)TM. I've invited him on this briefing to discuss what is happening. But, essentially, what is going on is that we are realizing every day how much of a big deal this Modular Water concept is, and here's one of the really number one ways we figured it out, is we're getting leads flowing in like crazy without a whole lot of actual direct marketing going on. Literally, the PR that we're doing and, literally, the name, Modular Water Systems. If you Google Modular Water, you will find that we own nearly the entirety of the Google page except for one competitor. That is a real indication for me, I was a high-tech marketer back in the day. That's an indication that you've got something. When the business is flowing naturally, then you've got yourself something that is potentially really, really exciting. With that in mind, we realized that this is how we're going to crack the challenge of the water industry, because here's the issue: The water industry is a huge industry but



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it's also very slow to adopt and its very size makes it makes it unable to change, and so how do you make change happen?

Since World War II we've always thought in terms of big public works projects, big dams and gigantic water systems. The one we have here in L.A., the one that's down by the ocean, just channels everything down into one place and that's all very well except for a couple of issues. Number one is we don't really have the free land to build these big things anymore and, of course, everybody objects to these things being built. The money is not made available. We seem to be able to go to war but not able to build the large structures anymore, so infrastructure is falling apart and is not about to be fixed. Also, these things take time. It takes ten, twenty years to build a sewage plant, a large sewage system. So you fall back on: what is the solution?

Now, we've been doing this for a while and it is a really tough challenge, and the thing that makes me realize this is the most important thing that we could do and, certainly the most important thing that I could ever have thought of doing in my life, is that with what we call point solutions, with water treatment at the point of pollution, self-help water treatment systems, we can actually solve the problem because, as opposed to trying to build some big central thing, a whole lot of points can be just put up and they're small.

It's just like the PC versus the mainframe. When everybody had a mainframe, there were always problems with people trying to get access and there were allocations. You could only be so long on it and time was expensive and so forth. Then everybody got PCs. Now the PCs you might say, "Well, they're inefficient. Ninety percent of the time they're not even doing anything. They're just sitting there waiting for you." But, you have availability and it's really easy just to spend a few hundred bucks and now you've got another computer. So, as opposed to, again, building a big mainframe or data center, you're just grabbing a PC, putting it to work.

This is the same philosophy here. [Dan Early's](#) invention of this [modular, prefabricated, prepackaged system](#) and patenting of it was brilliant, and it's exactly what the water industry needed. That's why when [Bill Charneski](#) brought me the opportunity to bring in Dan Early back in June of last year, we jumped on it, because we realized that this was huge for us.

So now we're aligning the whole company around this brand because, when



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you've got something good, then it's a good time to realize it. This is going to funnel everything else. [Progressive Water](#)™ will be, in great part, serving the Modular Water Systems while it still continues its existing custom work, and our core technology, [Electro Water Separation](#)™ and [Advanced Oxidation](#)™ will be integrated into these systems, too. This is the new path to real scale-up of our company's activities and I'm super excited.

So, that's my introduction. I wanted to let Tom talk a little bit in this call and so, Tom, I'd like you to talk a little bit about what you're doing and what your challenge is and what you're running into.

Tom:

Thanks, I appreciate it. Yeah, now we're very excited about the future of our business, and we love to be operators and at the end of the day we're here to make sure that we operate a fundamental business that generates revenue and has profit and sells products and that's the core of what we're trying to do in the water industry. As Riggs laid it out, it's taken some time to coordinate and align all the pieces and now we have operating pieces that have day-to-day operations. There's a manufacturing facility, fabrication capability, everything from designers and welders that can actually make parts and product, and then we assemble our assemblies, get them all boxed up and ship them to the job site. That core fundamental behavior is our manufacturing and distribution capability so we can talk about how business is working, who these target clients are and why they buy from us, and then go ahead and actually just talk about where we're going to go with the business.

One thing that's clear is that the water industry itself is vast. You're dealing with a global industry that has many, many, many decades of capability and so, like many industries that are big, such as telecommunications or health care industries, from the outsider's perspective it may seem like you got a behemoth of a slow-moving titanic on your hands because that's an easy way to think about it, but it's not actually, totally true. The water industry actually is kind of an innovation center. It's just that they do very small incremental innovations as they continue to do their basic job.

Because in the end of the day, we realize we're in the business of water quality assurance and safety because it's an outcome that we have to maintain. The reason why you do that is because we all depend on it. We have to live our lives, we have to drink safe water, we've got to make sure the water coming in an out gets cleaned, and we've got to make sure that we're following standards, requirements,



rules, EPA, all these different things that are environmentally important, at the same time meet human standards. That's why the industry may seem like it doesn't make massive innovations at once like the way a computer industry would, but it's also because it requires more detail, the incremental changes, to deal with some slow-moving changes over time. That gives you, maybe, a different way of thinking about some stuff.

Where we come into the picture is more about innovation related to deployment because what we're saying is that, while the industry has some very common things they have to do, we want to make a product that addresses a very big market such as a basic pump station. Now a pump station is a piece of equipment that is constantly used by everybody. In any particular city, you could have a pump station, literally, on about every block, or you could have hundreds, if not thousands, of pump stations all within the city or town that you live in. You don't notice them because they're buried in the ground but everybody has to deploy them, whether it's a municipality or an industrial plant for a commercial location. They basically do different functions, everything from keeping the water in a cistern, to moving it from point A to point B. That product for us, we just standardize it as a product, we manufacture it at our facility, we make sure that it meets all of the requirements, and we turn it into something that we can produce easily with profit.

Then we have all these customers who want them already, so what we do is we supply them with that product. Then they know they already have to buy them. We just make sure that ours lasts longer, they're easier to install, they meet all the permitting requirements, and they're just designed better. That gives us a layup shot in the industry for something that everybody has to buy anyway. Except we make a better one. I'm always about making a better product. So that's kind of an example of us doing something really simple that everyone wants.

Then by innovating around the edge, which is innovating around the technologies we used, innovating around the materials that we used, and innovating on how we monitor the technology in the equipment and then deploy it, we make incremental changes to it to make sure our product stays ahead of the curve and meets requirements and actually exceeds them.

Because Riggs and I were talking about when you think what we want to be as a company, we don't just want to be a company that makes water treatment products that are, "Oh, they're good enough to do the job," because nobody buys a



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car like that. You don't just want to be like, "Oh, I want this crappy Chevy." No, I want the most amazing Tesla that goes ludicrous speeds, so that's how we think about pump stations. We want an amazing pump station. We want a pump station that's so good that everybody wants one of them. So, we make a product that's just better, meets standards, our standards. Not industry standards. We want to exceed the industry standard to get it into what we call MWS Standard, our Modular Water System standard. The standard that we set because we know how to engineer things the right way. This way, when we go to bid on a project, we win, because there's nobody that can come close to everything we've packed in the box.

That's how we make a better product. Therefore, people buy it from us and then we do the same exact thing with other standard projects, such as a waste water treatment product, or a cleaning product, or safe filters and membranes, or anything else that we deal with. For example, we want to [help agricultural sites](#). We had these [clients who make food and beverages](#) or we have clients who are farmers. They might be dealing with some different kinds of waste contaminant there, and they may be dealing with an issue of, "Well, before I could dump this water back into the city's system in the sewer drain, I have to treat it first."

So we look at what they need to treat, and we say, "Okay, we have a standard solution for that already for normal sewage, but now maybe you want to treat this for farm waste." So, we have to add maybe some extra products in our box to make it a little more robust. So that's where it's not just the basic Tesla, it's the [Tesla with the D package](#). We just add a couple of extra components and options, and we make that product a little bit stronger and now we've got a product that we could sell for more money, and the client gets, which meets again, all their standards for what they want to do on their farm, but in our case, we again exceed their expectations by giving them a great product. And it's not one that some dude just shows up one day and tries to figure out on site. It's one that was manufactured at our factory, already was tested, already was proven, already shows up ready to deploy and makes it easy for everybody. That's what we're here to do.

But I think that kind of gives you an idea of how we want to run our operation on a day-to-day basis and why our clients like us. What do you think Riggs?

Riggs: That's beautiful, yes, and it really brings to mind that we are innovating assembly line water treatment and that is huge. You'd think the water industry would be



doing that, but so often, because of the value and complexity of such systems, they like to build custom systems and often, of course, customers think that way, and the engineers think that way. But, there's just too much water treatment to be done in the world and so people need to move away from complex, customized systems to a great number of highly standardized, simplified systems. This is where Tom is really working hard, to create a very simple product line with 80% standardized, 20% is options. It's like a car. I believe that executing on that model is going to make us a trendsetter in the water industry because this is a trend that's waiting to happen. Tom, talk a little bit about the darn leads you've been running into. It's crazy.

Tom: Look, we're getting good leads and people are finding us. Because we're advertising ourselves properly, as modular water solutions and modular water systems, and we're talking about our products. We're saying, "We have a product for that." And that's it. We're putting our hand up, literally. We're just standing in the middle of room going, "Yes, I have a pump station. Yes, I have water treatment, and guess what? It's technically advanced, it's ready now, it's easy to deploy. This is what we do." And people are actually finding us, which is amazing.

So we're getting things from real estate development groups who need to put on-site treatment. We're getting hotel groups who need to do water re-use. We're getting people from golf courses that want to do water re-use and reclaimed water. We're getting folks from the beverage industry who are like, "Hey, I want really pure, clean water. Because that's an ingredient to my main product." And then they're saying, "And when I'm done making my product, I want to be able to clean up my waste water. Mainly because I've got all this regulatory stuff happening, and I can't just dump waste anymore."

And a person who makes product has a huge liability for losing revenue, if they don't purchase products like ours. So now they're searching, and I swear since January, with some of the new laws that have come into effect, we're getting a lot of queries. We're getting a lot of people going, "Oh my God. This inspector came over, or this permitting guy came over. And they're telling me I've got to do something on-site, and I have to buy this thing." And I'm like, "That's awesome. I've got good news for you, we've got a product for that. And it's not terribly expensive. The amount you pay here, to have the right product do the job, versus your risk of getting a fine which can be easily three, four, five times more expensive than the cost of my product?" They're not willing to take that risk for



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their business, so they buy our product.

That just about covers it.

Riggs: Yep, I love it. I love also how we're getting people, hoping that they can actually get more productivity, like the real estate development group you and I visited, Tom, where they literally could figure out how to increase their available land by 25%, by taking our modular system and burying it. Therefore, they wouldn't have this huge pond, the lagoon goes away, which itself is ugly anyway, and now all of a sudden, they have more room to build. Amazing.

Tom: It takes up too much space. Yeah, they capture at least 20-30% more land use, which makes them wildly more profitable per project.

Riggs: Once they've got their sunk cost, every percent after that is profit. So these guys got keenly interested. Again, I instinctively know when something is hot, and when something's a harder sell. Now that's not to say that we're not making good progress on the technology side, in fact [Bill Charneski](#) just came back from a world tour, he went all over the place. He's basically taking over the [Technology Division](#), and he found that we have some real producers out there.

So rather than just constantly acquiring more licensees and so forth, we're now firming up the relationships with these key players. We're talking [South-East Asia](#), [South Asia](#) and [India](#), [Middle East](#) and [Taiwan](#), and of course our own division [OriginClear Hong Kong](#). These key players are now performing, and they're making breakthroughs and they're testing our systems and building pilots that work. So that's continuing in background, and we're going to be opening up a whole new channel of using our international partners, to provide to us high quality but relatively inexpensive components.

Our China subsidiary, is of course able to buy much cheaper than we do in the US, and we also have [our great partner in India](#), who does work for the multi-nationals, so it's very high quality stuff, but it's at Indian labor rates. We can get a lot of sourcing done using our international network, and that's an unexpected dividend. So, on the technology side, we're actually doing well and there's going to be more results coming out. Some wins will be showing up, so that is really cool.

And the other great thing that's going on is at [Progressive Water](#), which is our



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super competent operation in McKinney, Texas, is now going to have a dual role of providing the build capability for the Modular Water systems products, as well as continuing to do the highly customized stuff that they've been doing all along. So there's going to be a dual role for a [Marc Stevens at McKinney](#). We're going to be building, I think, a real juggernaut around Progressive's ability to deliver a great product, into the amazing, modular model of Dan Early.

So, I love the fact that Tom is here. Because I just love the level of detail, the architect [Mies Van der Rohe](#) once said that "God Is In The Details". The normal saying is that The Devil Is In The Details. He said, "No, no. God Is In The Details." And every operating officer has got to get deep into the details, and he is. So it's a great thing, now on other fronts, I also wanted to just say that what's up with acquisitions, and I can only tell you that is ongoing.

We have more than one acquisition play going on, it's taken longer than expected. Actually, what we realized was that it was kind of like the guy who keeps looking at pictures at models, and one day he looks at his wife and he goes, "Wait a minute. She's a babe!" We looked at Modular Water and we realized, we made an acquisition last year. We actually did it. So the fact that we're continuing to do all this due diligence on acquisitions is actually a good thing, because it allows us to build up an acquisition that we've made along the way, with the cashflow that was generated by our investors.

And we were so fortunate in the last eight, ten months in having critical funding come in from our investors, who have believed in the vision and have allowed us to not have to go into debt, external debt, institutional debt for the purchase, quote-unquote, of Modular Water Systems. Because Modular Water Systems let's say would require two million dollars in cash to acquire. Well now you're having to take care of an external lender, and so forth.

The model we did is, we said, "Wait a minute. Our best lenders are our core investors, who have been with us all along." And accredited investors love the fact that they have an opportunity to see their investment principal back, that they can earn dividends along the way and they can get substantial stock out of the deal. That's been a huge factor for us, and it continues to be critical. We have further improved the offering by price-protecting the stock part. So that you don't have to worry about dilution and so forth, and that's really important from the point of view of protecting our most loyal investors.



You guys are super important, and we are making it so that you have the absolute best winning proposition. Because for us, this is funding that allows us to not have to go to Wall Street, and that is a big deal. Tom, did you want to add anything more to this?

Tom: No, I just wanted to say thanks. I'll be honest with you, we're excited about the future, what we're trying to do. We actually have a pretty darn good business group here, and a plan, and we have an execution model. So we're just really in go-mode of doing our job, and that is going to be meaningful because people like real things, and they like a business that's doing business. There's a lot of factors coming together in our favor, one is our product obviously. The industry itself is positive, and the economy is improving. So, we're really feeling that we're getting shored up by a lot of factors that are coming to us at the right time, and I think that matters. So, I think it's a good time.

Riggs: That's fantastic. Well I think we have a great crew, and a great group of investors. Tom has come along at the perfect moment and I am just going to let you guys know that you can talk to Ken, and to Devin any time. Ken is at 323-939-6645, and that's extension 201 for Ken, and for Devin it's extension 116. And they will inform you about this offering, which is doing incredibly well. People love the structure, because the risk factor is dealt with in the most amazing way possible.

And you will be helping to dramatically help the state of the water in the world today, and I believe we will all do very well financially, and why not. It's the most vital game in the world and we want you guys to win, financially, incredibly well and we're making sure that you do. So Tom, thank you very, very much for having come on board, I appreciate it. Everyone stay tuned for the Money TV interview that we did today. It will be published tomorrow ([see video link here](#)), and this briefing is now every week, we'll be having one next week -- I'll be off on the 30th, but then back after that. So. thank you all, have a great weekend and again, I really appreciate the support of our wonderful investors. Thank you all, and thank you, Tom, for coming on board.

Tom: You're welcome.

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