



TELECONFERENCE BRIEFING BY CEO RIGGS ECKELBERRY

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Riggs: Well it's Thursday again, and thank you for joining me. I'm very excited about some of the things that are happening. We've got a [situation in Compton](#) and so many of you shareholders are really good about alerting us to problems in India and Flint and elsewhere.

Recently, we were invited by some community activists to come down to Compton, a town just south of downtown Los Angeles. It's got this reputation for being a gang town, but it has a lot more wealth than you'd think. It's also transitioning from being a primarily African-American city to one with a lot of Latinos. There I was in the Compton IHOP with these activists, and we were surrounded by Hispanic families, which shows you how much things are changing in Los Angeles.

For a long, long time, they've had a big problem with the quality of the water. It's brown. The water for the section of Compton that is covered by this small water district called Sativa Water District, it's a small number of households, but the problem may be wider than that. We're going to try to find out. Certainly, within the Sativa Water District area, there is a problem with the water. The water district says, "It's disgusting, but it's healthy." Okay, fine. Our point is they would never say that in Beverly Hills. They would say, "Sir, yes sir," and they would fix it. But because it's Compton, they get away with it.

Why is it that we got involved? It is clear and evident that the water treatment in the world is broken. Only twenty percent of all sewage is treated, at all. The remaining eighty percent is, literally, thrown down the drain. This is crazy but true. In some countries, as much as ninety-five percent of it is thrown away untreated. Seventy percent of industrial waste water is not treated either. So only thirty percent of the industrial waste, which is often quite toxic, is treated at all. So we have a big problem, and we keep having this fifties mentality of, "Everything's going to be taken care of. The



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government is going to build rapid transits, they're going to build water systems." No, it's not happening anymore. The high-speed rail's not happening, instead we'll have the self-driving car.

Basically, everything is being reduced to action at the individual or family level, and that's where everything occurs now. I'm talking on a phone here that's easily got the processing power of a fifties mainframe or more, and yet, I've got it individually, and I'm doing everything as myself, and I'm being marketed to as an individual. So, to think that water treatment can be fixed with this fifties mentality and these big, giant water treatment plants, like back in the day when they would have these big projects, is a delusion, because it actually gets in the way of handling the problem. Because we keep thinking that if we throw billions of dollars at a problem, it's going to go away. That isn't the case.

OriginClear is about the new wave of decentralized water treatment. If you go to our investing tab, originclear.com/investing, and look at [our new one-pager](#), you'll see that, stated very clearly. We are making it possible for people to treat their own water. Currently, we're working at the commercial-industrial level. That's very true. It's also true that, as I mentioned in prior briefings, we have a [technology that can be applied in the household](#). We're not yet ready to do it, but nonetheless, we're coming down the pike to that.

We believe that we are the [Next Great Water Company™](#), because we're going the small route. When helpful investors tell me about some huge water utility in Michigan that's putting out for bids to do some massive project, I know that's not going to happen. Why? Because the multi-billion dollar water companies already have that taped. They've already paid for the retirement of the purchasing officer involved. It's already locked down.

So, where does OriginClear play? For a long time we were trying to figure out how to get adoption of our technology, and we were having very, very, hard time. We finally realized that the way to do it was to work directly with the businesses involved. To say, "Okay, You've got a problem, and we could solve your problem." The business person is not interested in regulations or job security and so forth. They're interested in having better profits, better revenues, less trouble with the government and so forth. Primarily, they want to get positive benefits, like this hotel I've been talking about. We recently [published a case study](#), and I'll be talking about that in this discussion as well. These people were really, really interested in how water treatment could help their business differentiate itself from its competition, and there are lots of ways.



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Now that [Modular Water](#) has got traction in a number of areas like [pump stations](#), we're now pushing these [packaged systems](#), for example, with [craft breweries](#). We got our very first sale last year with a craft brewery, a micro-brewery, in Maine. Those are easy to sell, and you don't talk to some water engineer, you talk to the owner or the brewmaster. They have a very specific goal. They want to reduce their water bill, which can be very high, and we documented that a \$200,000 annual water bill in California can become a \$20,000 water bill, because the penalty levels dramatically increase above a certain level. So, we're about talking to the business.

This is very much in line with [our mission](#), which is about self-help local action. When we went to talk to these well-connected individuals, they wanted us to help with the cities technical problem, and we will help. My brother, Nicholas, has got some great tech, so we're going to work with them and help them, but it's going to take a long time. We've seen it in Flint, Michigan, they've had \$100 million dollars thrown at them, and they still have a problem. C'mon already!

So, we know that the central actors are part of the problem, not part of the solution. What we decided was, "Wait a minute, we can actually make a change happen at the level of each household." It's too early for me to get into specifics, but there are some very influential ballplayers that came out of Compton or who are very close to the Compton community, who are very, very, very freaked out about this. We've done a survey and it turns out that there's a lot of word of mouth about the bad water, because it's a clear example of racial profiling and discrimination. It's what they used to call redlining back in the day.

[Gavin Newsom, our governor, has spoken up](#) about that, and said this is criminal. Sure enough, he's raising the drinking water tax to pay for all that. We think there's a better way. I call it, "[Enough is enough.](#)" What we will do, and this is something I'm organizing right now, is to organize an effort to standardize the water quality in these homes. We don't have to do anything magical. They're not going to get the latest and greatest reverse osmosis. They'll just get what they would get if they were in Beverly Hills and opening up the tap, and that's what they have a right to. So, we're going to give them that.

In addition, we have an opportunity to start discussing this at a show that I've spoken at before called [AREDay, American Renewal Energy Day](#). It's August 15-17 in Aspen, and I think we're going to make quite a stir. This is a major conference that, in the past, I was [debating T. Boone Pickens on stage](#), it was a lot of fun. I was talking to him about fracking and all these interesting things. Jimmy Carter was also speaking at that time. It



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is a very, very prestigious event and we've been invited to speak at it and I think you're going to be very interested in seeing what we come up with at that event.

Let's get into [this white paper](#), because this was very, very interesting. We actually made an [announcement of that](#) and what we have learned from [Dan Early](#), who's really our chief visionary, is that there's a benefit in decentralized water treatment that goes beyond the fact that it's just a practical solution. That is, when you take dirty water and you transport it across distances to a remote processing plant, you usually lose the opportunity to recycle. Fine, but also, you incur all of these emissions. Nobody cared about this in the 50s. Who was even thinking about that stuff?

Today we're quite conscious of these problems. Now I know that global warming is a controversial issue, but really it's not even what I'm talking about. I'm talking about nutrients. Everybody knows that nutrients that are put into waterways, like Lake Okeechobee in Florida are creating huge algae blooms. So, when the nitrogen from the fertilizers washes down into the waterways, be it the Missouri River, the Mississippi, you name it, you get this algae which chokes up the water and sucks up the oxygen, killing the fish and so forth. That's called nutrients, primarily phosphorus and nitrogen. That's what comes out of wastewater. We may or may not agree with the carbon warming theory and it's not for me to discuss because we do water, but it just so happens that we release these nutrients, and those nutrients have an effect on the water quality through leakage.

Now leakage is an amazing thing. I don't know if you realize this, but leakage worldwide is estimated to be around 35% of all available water. Over a third of all water is not available for revenue, for the water utilities, but also for people to consume. It's estimated that if that figure were cut in half, 100 million more people would have clean water. So, there is leakage. No question about it. That leakage, when it's dirty water, creates emissions. You've seen pictures of sewage pouring into holding tanks; and in the chicken and pork industry, they put all that stuff in lagoons. Well guess what? All that stuff is nitrogen and phosphorus gases, and CO₂ also, that just come evaporating off of these things and it has a definite effect. You know in the LA Basin they're actually regulated. NO_x, for example, [nitrogen oxides](#), are regulated as a smog particle.

So these things are important. That white paper for the very first time I believe, is making a point that has not been well made before, which is that centralized water treatment is inherently bad because in a way you're almost handling this radioactive effluent. It's not radioactive, it's toxic, but nonetheless it's poisonous and it's being sent through waterways that themselves are increasingly breaking down. Now when there is a need to transport the water whether dirty or clean, lifting stations or pump stations



are the connection points in the pumping system and they are where the leakage occurs primarily. They fritter away with concrete or whatever and 20-25 years later they're still in the ground and people have forgotten about them and now they're failing.

In fact, there's a school of thought that says, just let them go until they fail. Well, you let a well go until it fails, it's going to be leaking long before it fails. Finally it fills up with crap and people say it's broken and has to be replaced. But meanwhile, for at least 10 years it's been putting stuff out. [Our technology is a cladding](#), a honeycomb style envelope of thermo-plastic, which is completely resistive to all kinds of acids and toxins and so forth. As well, it resists time. It's easily a hundred years, we say up to a hundred years. But you know, it's thought to last as much as 200 or more years, which is great. Put it in the ground and you really can set it and forget it. That's a huge thing because guess what, that's what they do anyway. So let's be real. They're going to set it and forget it and we just make it so that it's not going to harm the environment quite so much.

So yes, our technology is beneficial from a water management or water conveyance (transporting water), point of view, but we want to minimize that as much as possible by having on-site water treatment. So, we're saying where possible all water treatment needs to be where it happens. We are today, I believe the foremost proponents of this model, of this business model and this ecological model. So, if you must transport it, please use better materials, i.e. these modular water systems. That's what's going on from a concept point of view. Now how does this relate back to our core technology? Remember that our core technology doesn't care whether it's put in place in a water district or in somebody's home.

It's simply a way to treat water and to clarify water, make it clear without chemicals. That's what it's about. On that front, we've had some fantastic progress. Your best lessons always come about accidentally. I think genius in management is the ability to recognize productive accidents. You know, like how at 3M they discovered post it notes. They kept having this problem with this glue that was too weak. Then somehow somebody who wanted to use it figured out, "Hey, you know, it's a way to sort of put things on your fridge and not have them stick too hard." I used to have a girlfriend whose father was an advisor to Vicks, and they had a product that was very good for congestion, but it did make you drowsy and he said, "Well why don't you make it a nighttime remedy?"

Vicks NyQuil came out of that. So it's always these sort of odd accidental things, and if you're able to recognize them then you've got something. Recently [our fantastic Malaysian partners](#), themselves have a company called [Osmocell](#), which they built after



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25 years with GE Water. Osmocell is expanding all throughout Southeast Asia. They have a joint venture with us called [OriginClear Water Solutions](#) in Malaysia. They had the bright idea of improving Dissolved Air Flotation (DAF) where air bubbles air bubbles push the material to the surface and then a rake takes it off the top. Very inefficient because as you know, air bubbles will easily go around particulates, right?

If you use a lot of them you get somewhere. Well they had the bright idea of using our electrically generated micro-bubbles, which is a thick cloud, and add it to the DAF, to create a sort of a turbocharged - turbo DAF. That was a couple of weeks ago, I did a [CEO update and announced](#) that we shipped this big system from [Jorsun](#) who is now our partner for these things. It's a combination of this DAF with our [Electro Water Separation™](#) and it makes a better DAF. But the brilliance of this is, we're improving an existing conventional process, as opposed to being the "aliens" who want to do "something completely new". For a variety of good reasons including public health, the water industry doesn't want to know about new.

But if you slightly improve it, they'll go, "Okay, I'm good with that." We first saw that with the success of [Modular Water Systems™](#) where all we were doing was changing the envelope and leaving everything else the same. In this case we have this hybrid DAF, which we are calling ElectroDAF™, but whatever we end up calling it, it is now a new product. Not only will [our licensees](#) sell it, but also Jorsun, which is a major vendor of DAF products, wants to sell it to their customer base. So that is very exciting and there are a couple more products in the pipeline.

That brings me around again to our plans to launch eventually, but not in the too distant future, something with consumers on this [Roundup® Killer™](#). I started the conversation talking about consumers. You might have wondered, "What the heck is Riggs doing in Compton dealing with water problems there?" Well, if, let's say in early 2020 we start to bring this Roundup® Killer into market as an add on. I'm just throwing that date out as a for instance. We have to do a lot of of production planning and so forth, but let's just throw a dart at a date somewhere in the first quarter, and we start rolling this out. If we do a really, really good job of helping consumers and being known as such on a very wide basis, then we'll have, I believe, a good opportunity to market this consumer product because we will have a lot of visibility. So that is my crafty plan that I'm discussing with you.

When you see us start to roll this out it will be good for the company because we'll get visibility, lots of eyeballs. Maybe it will do things for the stock, who knows? But more importantly, we'll be helping people who really need help. Just to make it clear, we're not doing this to use our own technology because it wouldn't happen fast enough. We'll



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use conventional technology and will force an existing vendor to give them an amazing price. And then we'll figure out ways to raise the money. It's not going to be about touting OriginClear's product line. It is about helping these people.

It will help us become known as a problem solver in water. Local action, direct action, water treatment. I think it's a new philosophy, which is why I hope to be talking about that very topic at AREDay, American Renewable Energy Day, later this August, because it's going to be, I think, a model for doing things in other areas such as in the areas of energy, et cetera. So, it's really exciting that this could go down. I encourage you to go to AREDay.net where I've been invited to be a speaker. I'm not yet on the list because I just literally today registered as a speaker. But, I will be on the list and we're going to have some fun with this. So that is a good way to have a nice event in August that will launch that.

Now not to forget something important: how the heck our revenue's going? I'm extremely pleased with [Tom Marchesello's](#) work as our COO, and if you know all this [WaterChain™](#) stuff that I did last year before crypto winter set in, you know there was a "crypto winter" where cryptocurrency kind of went completely upside down, so we put WaterChain back into development. But what we did get out of it was this amazing executive, Tom Marchesello. He comes out of the military and he's been really, really tough on the team, but also finding ways to really help them get what they need to do their job better. And I just got the news yesterday that [Progressive Water](#) did in the first 10 days of July, literally more business than they do in a whole quarter.

Now that's just anecdotal. I'm not reporting revenues to you or anything like that because who knows, next week it will be low, but the point I'm making is, this is a really good indication that the team is starting to really click together. Tom is really getting everybody to point in the same direction. You're going to now see much more integration of Modular Water Systems with Progressive Water. Because now on OriginClear.com you'll see that they're all OriginClear products. We're centralizing the whole thing. We're not throwing away these other websites because they have good Google ranks and so forth, but the product line is an OriginClear product line.

Dan Early and [Robb Litos](#) are the team over at Modular Water and we're adding more. They're actually going to be integrated with [Progressive Water](#). Dan completely got in his own way in the first half of the year, because he closed a bunch of business in 2018, and then he had a very hard time delivering and selling at the same time. Well guess what? We have a delivery site in Texas, Progressive Water.



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Progressive Water will continue to do its own business. Or example that great news I told you that just popped on my radar yesterday. That was all business generated by Progressive Water, and they're going to continue to do that. But the business generated by Modular Water, which is starting to grow, they are not going to be actually building and delivering. They're going to pass it down the line to Progressive who have 20 plus people doing a great job already. So why would Modular Water with its two people try to deliver what twenty-some people are doing in Texas already?

Modular Water is going to do its cool standardized design thing. Remember, we're looking to Modular Water to really scale up products versus custom systems. Progressive does custom systems, which means you can only do so much in a given period of time, right? Whereas with products you can knock them out.

Modular Water really is our future so they get the client going, and then just shoot the deal down to Progressive, and Progressive delivers it. Progressive has a lot of capacity and plenty of room in the shop. So we're really aligning these and as we acquire more companies, we're going to integrate them into this assembly line. So, we're creating a flow. As opposed to what we had before, which was a bunch of satellite companies that kind of did their thing. We thought that was a good model because we wouldn't have to integrate them and so forth and so on. But it was highly inefficient because we were having to duplicate talent and facilities. This way we're actually going to do specialization. And Progressive Water is the custom build operation. Modular water is selling these packaged prefab products that are repeatable, packaged, and scalable.

I've been silent on acquisitions primarily because it's really interesting how it goes. You put together a slate of acquisitions and then, oh my God, people start criticizing these things and looking a gift horse in the mouth. We essentially had to just put some people aside who were just in analysis paralysis. Very strong players financially, super, super well-resourced, the best people you could think of, but they just could not get out of their own way. The good news is that we don't have a lack of funding avenues and now that we've kind of put these people aside, we're relaunching.

Yesterday for example, we met with a funding opportunity and tonight I'm meeting on another. So, we are proceeding on the acquisition path. It was delayed by these analysis paralysis people. But actually, in a way it's good because it gives Tom a chance to really organize what we had already. We realized in the first half of the year that we had to treat Modular Water like an acquisition, do a good job of integrating it, and not just do the brush off. So that is now being adjusted nicely. I'm very pleased with it.



So here's the net net of where we stand on this middle of July day early in the third quarter and pushing towards a very strong second half of the year. That is that we have a good strong Progressive Water, which has always made the money and is doing a good job delivering. We have a COO who's doing a great job of running herd on everybody. We have a Modular Waters Systems unit that is now strictly focused on designing, and by the way, Progressive Water needs more design help, so it's a two way street.

Meanwhile on the technology side we've got stuff coming out of the [Technology Division](#) like this new hybrid DAF unit, another one I can't mention because it's super confidential, and then this Roundup® killer coming down the pike. Meanwhile you'll be hearing some very visible stuff around how we're going to help humans in dire straits in these communities with a direct-action program that I call "Enough is Enough." And if we can just do that a great job with that, I'll be super pleased. And it so happens, that will set us up to be players in this consumer area, which as you know, we're steaming our way towards.

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That is the picture. Meanwhile, if you want to discuss our current offering, it's very, very nice. So I'm just going to give you the numbers, 323-939-6645, and you can talk to Ken at extension 201, Devin at extension 116.

Essentially we're treating you like Wall Street investors and giving you all the security you need. Why do it with Wall Street, when we can give it to you, you are much better people to deal with and care about our mission. I can't tell you how many people have been jumping into helping us make it happen, and we are putting it to great, great work. So thank you for all you do for us. You're the best investors I could think of. I think that OriginClear is really starting to hit its stride and moving past the stage of a wonderful, hopeful promise to what I believe is going to be the Next Great Water Company™. Thank you again. Have a great weekend. And good night.

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