



ThunderHawk Water Processor



Business Summary & Financial Conclusions

June 21, 2017

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BLACKSTAR/ENERGYLINK WATER REMEDIATION

BLACKSTAR/ENERGYLINK BUSINESS SUMMARY

The water crisis of the 21st century is upon us and as populations increase, enormous pressure is placed on worldwide watersheds. Affordable clean water is becoming a pressing technological issue facing the world and by the year 2025, it's estimated two out of every three people could be living in water-stressed regions and with world demand increasing by 140% or 97.5 million cubic meters of water per day.

Water demands for agriculture and industrial processes will continue to increase while under extreme aggravation from worldwide droughts. It is now estimated that industrial demand will exceed human consumption by 2025 resulting in shortages, tougher continuing Federal regulations and mandates regarding industrially produced water recycling.

Additionally, agricultural requirements are driving regulations and water restrictions. Endangered wildlife is taking precedence over agricultural requirements further stressing the agri-business. Runoff through irrigation is polluting rivers and bays and impacting the quality of the fisheries.

On a consumer level, fresh potable water is becoming a scarce in many areas of the globe. In developed countries, bottled water in all forms and fashion has created a multi-billion dollar industry with pricing exceeding a gallon of gasoline by as much as four times the national average.

BlackStar/EnergyLink has created an environmentally friendly and efficient water remediation system, the ThunderHawk Water Processor. BlackStar/EnergyLink develops and commercializes key technologies for water reclamation projects in the oil & gas industry, mining services and industrial pollution. In addition, we are proceeding with patent and licensing applications in agriculture, aquaculture, hydroponics as well as consumer markets.

We are a Houston based company which is the heart of the oil and gas business. Our business relationships here will afford us an advantage to get started quickly and decisively. Our corporate office will be in Houston, Texas. Essential to our business, the development of our Intellectual Property Hub (IHP) is based on the notion of developing key patents, licenses and services that provide world class solutions to our target markets. Those include: Water Purification/Desalinization, Hydrogen Power/Hydrogen Conversion, and Environmentally Sound Manufacturing.

BlackStar/EnergyLink Water Remediation, through our investment fund and partners, acquire, develop and deploy technologies through a rapid commercialization process.

Many inventors and developers of technology in the environmental services arena are often limited by capital constraints, industrialization of their products or simply lack of solid business development skills. BlackStar/EnergyLink brings all of these capabilities together while at the same time focusing on solving real environmental problems now.

The company also works on research and development projects in conjunction with its investment partners.

FINANCIAL SUMMARY

Our financial summary indicates key revenue sources across the platform. Services revenue is based on sales to the oil and gas industry over the planning period and does not reflect new revenue streams (sale of salt products) expected to come on board as technology is acquired and distributed. These services will be sold across markets and across the platform, further differentiating the offering.

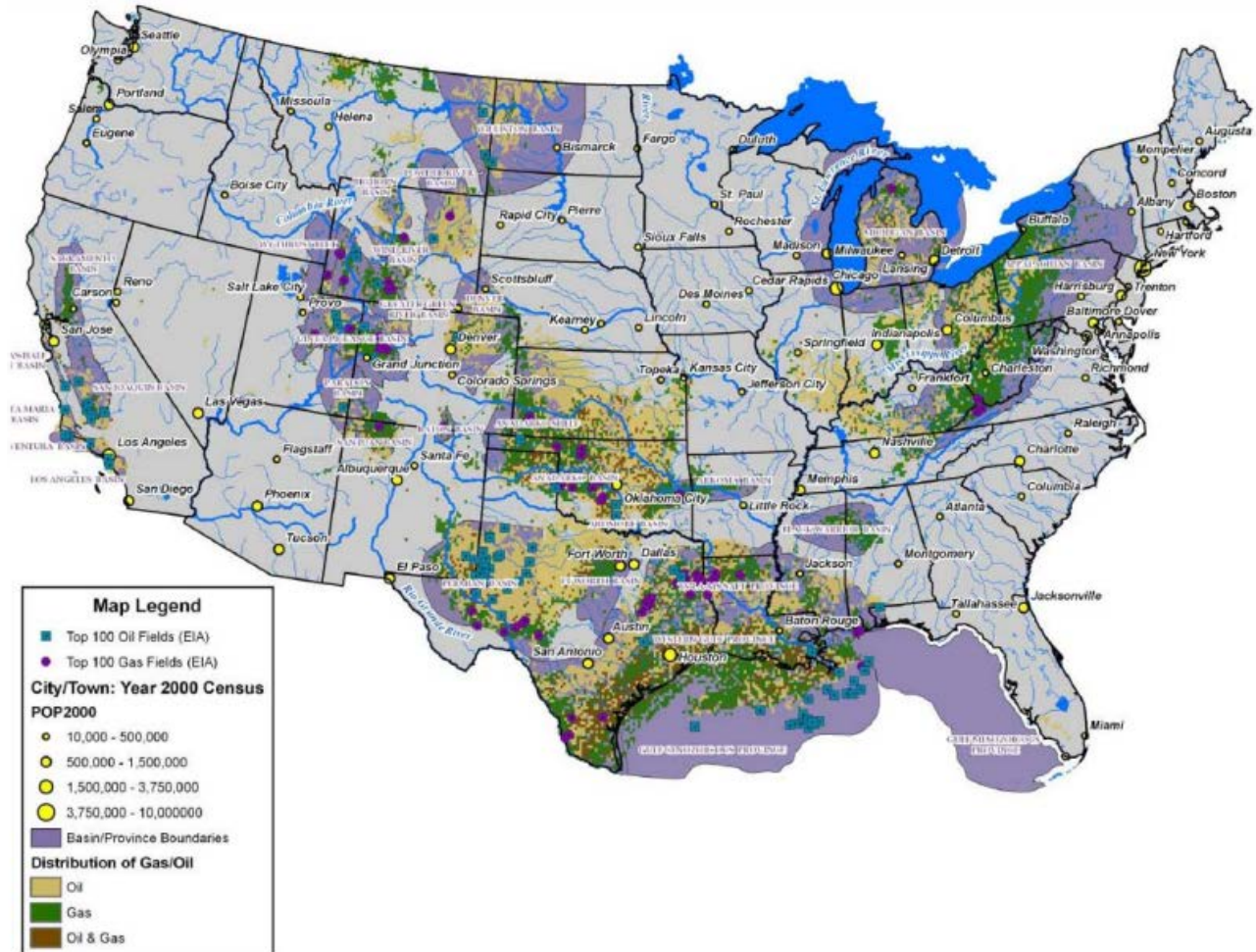
EnergyLink/BlackStar's financial plan is based on a services and transaction model generating recurring revenue across the technology portfolio. Further upside opportunities exist within the business to advance sublicense revenue and joint ventures. However, those initiatives have not been included in this financial outlook.

The business will be cash flow positive in the first full year of operations and throughout the planning horizon.

	 Full Year Operations <i>Pro-Forma Estimates</i>		
	Year 1	Year 2	Year 3
Services Revenues	\$35,625,000	\$178,125,000	\$390,000,000
Other Revenues	\$6,412,500	\$32,062,500	\$70,200,000
TOTAL REVENUE	\$42,037,500	\$210,187,500	\$460,200,000
Operating Expenses	\$9,670,417	\$57,477,083	\$119,020,000
GROSS OPERATING PROFIT	\$32,367,083	\$152,710,417	\$341,180,000
G&A Expenses	\$4,117,075	\$13,803,042	\$27,390,763
EBITDA	\$28,250,009	\$138,907,375	\$313,789,237
<i>Note: Analysis period assumes 36 months of operations.</i>			

INITIAL MARKET FOCUS - OIL & GAS

The demand for clean water will collide with the boom in International and U.S. oil production as the industry increases with the over use of disposal materials, deep well injection and abundant need for water in the fracturing industry.



Geographic location of major oil and gas producing wells and basins in the United States

The natural gas industry adopted fracking technologies much earlier than the oil industry, resulting in natural gas prices now being at an all-time low. The oil industry began adopting these new technologies approximately two years ago and this is expected to result in a boom likely to rival any prior oil booms experienced. Increased oil production will also further the water burden as demand grows during a time of recurring drought conditions exist around the world. Therefore clean and affordable water is quickly becoming a thing of the past as its value is expected to increase well beyond the cost we all encounter today.

The economic benefits of the shale boom have been widely reported in a variety of mainstream business and trade media, including lower natural gas prices in the United States (U.S.), economic growth in oil and gas producing regions, direct and indirect job growth, and competitive advantages for U.S. manufacturing.

Unconventional sources of natural gas and oil, such as shale, make previously untapped energy reserves available, and are an important resource for meeting increasing energy demands in the next several decades. These resources will help satisfy three key factors:

- Economic growth: In 2012, the shale energy industry created 2.1 million jobs, with an estimated 3.9 million jobs created by 2025. Likewise, shale energy contributed \$284 billion to U.S. Gross Domestic Product (GDP) in 2012, which is projected to nearly double by 2025.
- Security of energy supply: Shale gas has increased domestic gas production by 26 percent since 2007, which is expected to double by 2035. Comparably, net oil imports in the U.S. are expected to reduce by nearly 50 percent by 2020, decreasing international oil imports by \$185 billion.
- Improved environmental performance by reduction of CO₂ emissions when compared to coal: Natural gas releases less than half the amount of carbon dioxide compared to coal, and lower amounts of pollutants, such as nitrogen oxide, sulfur dioxide, and mercury.⁴

Concerns from environmental groups around the globe have also been raised and are being investigated: one of the biggest issues voiced is groundwater contamination and overuse of scarce water resources. This document will shed light on and address policy and regulations, and frame the larger public discussion, focusing on the need to expedite the implementation of existing, cost-effective technology. The ThunderHawk Water Processor creates a natural rain like product for reuse in the environment, industry, or agriculture.

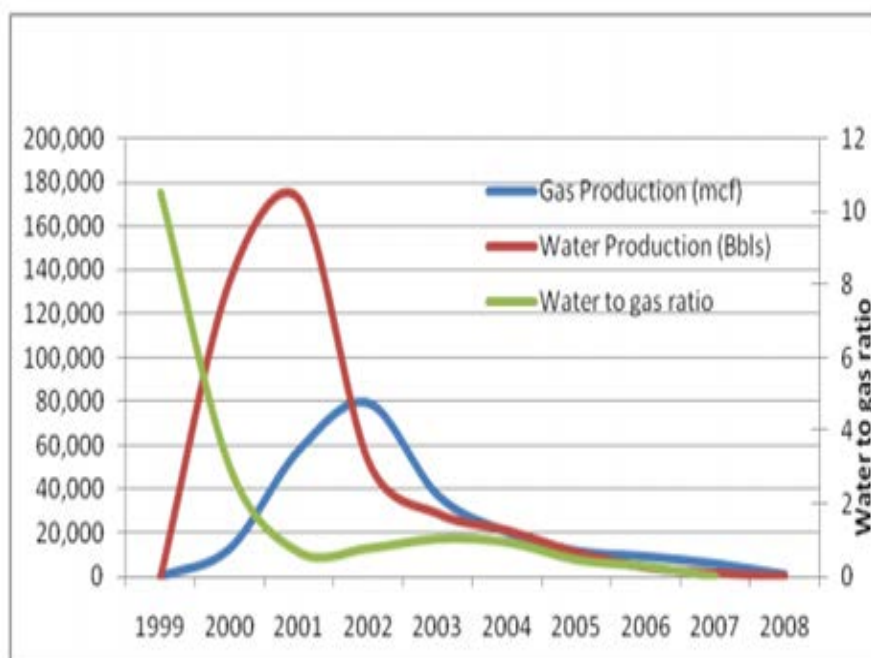
Finally, our target base will be focused on major oil companies such as Shell, BP, Anadarko, Apache, Fieldwood Energy, and Energy 21. We will demonstrate our technology in the field so they can see it applied to their needs. There are over 1000 operators that will find this technology useful at solving their production water problems.

Produced Water Generation and Production

Conventional Oil and Gas On average, about 7 to 10 barrels, or 280 to 400 gallons, of water are produced for every barrel of crude oil. Formation water (or connate water) exists naturally in the porous aquifer with the hydrocarbons. Formation water generally reflects the water quality associated with the depositional environment for the reservoir— marine, brackish, or continental fresh water. Oil reservoirs commonly contain larger volumes of water than gas reservoirs. This is due to the higher compressibility and sorption capacity of gas. Gas is stored and produced from less porous reservoirs that contain source rock with a lower water capacity. Produced water generation commonly increases over time in conventional reservoirs as the oil and gas is depleted during hydrocarbon production.

Unconventional Resources Produced water from most unconventional resources is minimal due to tighter reservoir formations, such as in tight sands, oil shale, and gas shale reservoirs. Producers commonly import water to these operations for onsite use in drilling, fracturing, and production. Fresh water used in drilling applications and reservoir fracturing is contaminated by the saline terrestrial water associated with the reservoir depositional environment. Fresh water brought onsite for use in operations, such as flow back or frac water returning from fracturing applications, also is managed as a waste stream. This waste stream commonly is associated with the initial phase of well development and production. In most unconventional oil and gas operations, frac water is considered the largest waste stream of production.

Alternatively, coal bed methane produces the largest volumes of water during gas production as compared to other unconventional hydrocarbon production.



Source: US Department of Interior

The water in coal beds contributes to the pressure in the reservoir that keeps methane gas adsorbed to the surface of the coal. The water must be removed by pumping to lower the pressure in the reservoir and stimulate desorption of methane from the coal. Generally, as the gas production increases, the water production decreases; therefore, the volume of CBM-produced water generated decreases over time.

Coal beds contain fractures and pores that can transmit large volumes of water. In some areas, coal beds may function as local or regional aquifers and are important sources for ground water. The volume of water varies significantly from basin to basin. These variations can occur for many different reasons depending on the part the CBM development cycle plays, the rank of the coal, the depth of the coal, and the hydrologic connectivity to other water bearing aquifers. Generally, deeper coal seams will contain less water, but the salinity of the water will be higher. Water to gas ratios is used to describe the volume of water produced per million cubic feet of natural gas. Water to gas ratios is used, along with the estimated recoverable reserves of natural gas, to predict the volume of water that will be generated in each producing basin.

Current Produced Water Management Practices

Water is considered a byproduct of oil and gas production and generally is treated by the oil and gas industry as a waste for disposal. Produced water management practices are driven by the cost of the hydrocarbon resource. Produced water is the largest volume waste stream associated with oil and gas production. Because produced water is viewed as a waste byproduct to the oil and gas industry, historically, the most commonly practiced management strategies are aimed at disposal rather than beneficial use. The most common practices for produced water disposal include land application or discharge, subsurface injection, and offsite trucking.

- Land application or discharge is a relatively inexpensive method of disposal for produced water. However, this is only an option for relatively high quality produced waters. If the water is of poor quality, contamination of the surrounding soil, water, and vegetation can occur. Regulatory guidelines also must permit land applications.
- Subsurface injection is the industry preferred alternative to produced water disposal. In some cases, re-injection of produce waters is not feasible because the subsurface formation does not have the capacity to receive the water.
- In the event that land application or re-injection is not feasible, the water may be trucked to offsite, re-injection facilities. Re-injection facilities commonly are located around a feasible accepting geologic formation for injection. These facilities sometimes include minor treatment applications aimed at lowering the scaling potential of the reinjection water or modify the chemistry of the water to aid in disposal.

Typically, producers have limited water treatment experience and are hesitant to employ produced water treatment technologies given their negative past experiences. From an oil and gas producer's perspective, the primary concern of beneficial use of produced water as a management strategy is liability; therefore, re-injecting the water into the subsurface formation is the preferred disposal/ management method. However, in some areas, disposal is not possible because the geology of the subsurface formation cannot accommodate the water, or reinjection may cause contamination of other subsurface water supplies. Offsite trucking is another water management strategy preferred by producers from a liability standpoint; however, it is very costly.

KEY ENVIRONMENTAL CONCERNS

Environmental impacts caused by the disposal of produced water have been reported since the mid-1800s when the first oil and gas wells were drilled and operated. The most commonly reported environmental concerns are as follows: degradation of soils, ground water, surface water, and ecosystems they support. Because many produced waters contain elevated levels of dissolved ions (salts), hydrocarbons, and trace elements, untreated produced water discharges may be harmful to the surrounding environment.

Large water volumes also can cause environmental impacts through erosion, large land area disposal basins, and pipeline and road infrastructure. Water hauling spills and unplanned discharges are all risks when managing produced water. The volume of the receiving body is critical in determining environmental impacts as ocean discharge offers substantive dilution, while small streams offer low dilution capacity. Physical water properties of concern include temperature, effervescence, low dissolved oxygen concentrations, as well as high and low pH depending on the well type.

Sodium is the most commonly occurring dominant cation in produced water. High sodium levels compete with calcium, magnesium, and potassium for uptake by plant roots; therefore, excess sodium can prompt deficiencies of other cations. Elevated levels of sodium also can cause poor soil structure and inhibit water infiltration in soils. Infiltration into shallow ground water sources is also a concern when water is applied for irrigation use. Mineral accumulation due to subsurface ion exchange can change the water quality of shallow, underlying aquifers.

Trace elements, including boron, lithium, bromine, fluorine, and radium, also occur in elevated concentrations in some produced waters. Many trace elements are phytotoxic and are adsorbed in the soil.

These elements may even remain in soils after the saline water has been flushed away. Radium-bearing scale and sludge found in oilfield equipment and discarded on soils pose additional hazards to human health and ecosystems. Meteoric water applied to contaminated soils has the potential to solubilize metals and transport them through the subsurface. Precipitation of metals and metal solubility are important considerations in applying these constituents to soils.

Water management decisions within shale oil and gas production fall into three primary categories: water acquisition, water utilization within hydraulic fracturing operations, and the disposal of wastewater from drilling and production.

Concern #1: Water Contamination

States, local governments and shale oil and gas operators seek to manage water produced during the fracturing process in a way that protects surface and ground water resources, and eliminates the potential for contamination. According to research conducted by the Congressional Research Service in January 2013, data thus far suggests that hydraulic fracturing—particularly in deep zones—is unlikely to contaminate underground sources of drinking water.

The average depth of horizontal shale wells is more than 7,700 feet, nearly 1.5 miles below the Earth's surface and thousands of feet below fresh water formations, with thick layers of rock separating aquifers from natural gas formations.

The vertical portion of a shale oil or gas well is exactly the same as any vertical well drilled into the Earth for other reasons. Like most deep vertical wells, a shale oil or gas well will likely pass through one or more underground aquifers. Current well construction requirements consist of installing multiple layers of protective steel casing surrounded by cement that are specifically designed and installed to protect freshwater aquifers and drinking water aquifers from contamination attributable to hydraulic fracturing.

Concern #2: Availability of Technology

Among the concerns from an industry perspective is the availability of sustainable water management solutions. Numerous technologies are available today to enable complete or tailored removal of ionic, organic and particulate contaminants from source waters for injection or produced waters for discharge.

A variety of water treatment technologies help take the lowest water quality available in the region and upgrade the water by treating it to a suitable level for use in hydraulic fracturing operations. Salinity and water composition must be compatible with the hydraulic fracturing fluid chemistry and formation to maximize shale gas recovery. Ultrafiltration can be used as a

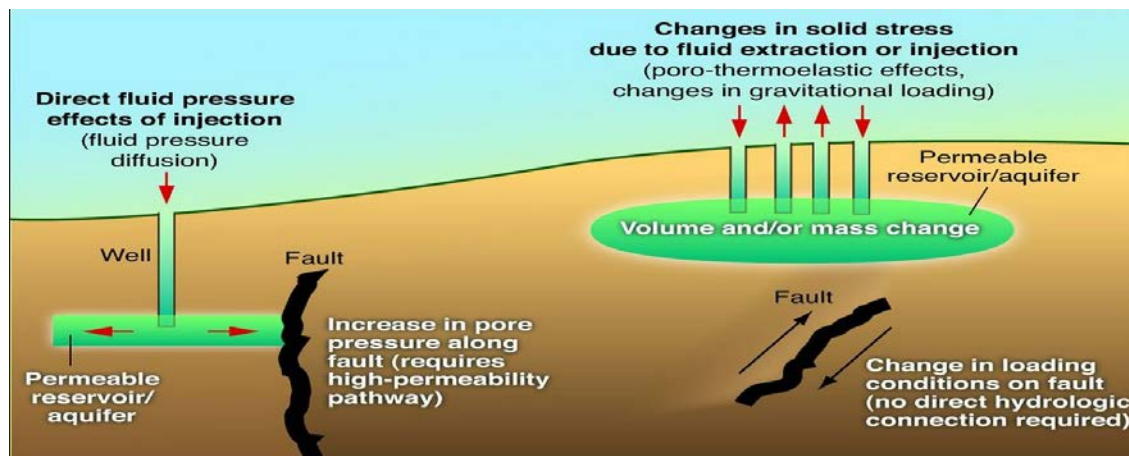
pre-treatment, and then reverse osmosis, Nano-filtration and ion exchange technologies tailor the salinity of injection water to the formations into which they are injected and help provide particulate-free water to help maintain permeability.

Advanced water treatment technologies beyond traditional methods such as settling tanks and bag filters open up opportunities to help remove contaminants from flowback water before disposal and improve water quality to a level where it can be recycled into the next hydraulic fracturing job. From fine particle filtration to remove suspended solids and selective ion exchange for boron removal to polymeric adsorbents for organic compound removal, numerous water management solutions are available to ensure flowback and produced water is properly treated for recycling, reuse or disposal. These advanced treatment technologies have been used extensively in other industries where water scarcity drives reuse. Measures are also taken to ensure there are no circumstances in which flowback or produced water is discharged to the environment or to municipal wastewater treatment plants prior to significant treatment. Use of these processes or any of these unit operations will be dependent on the water composition for the given area.

Dow has a large range of advanced chemistry and technology solutions for water treatment to help operators improve shale oil and gas recovery, while helping minimize environmental impact throughout the hydraulic fracturing process.

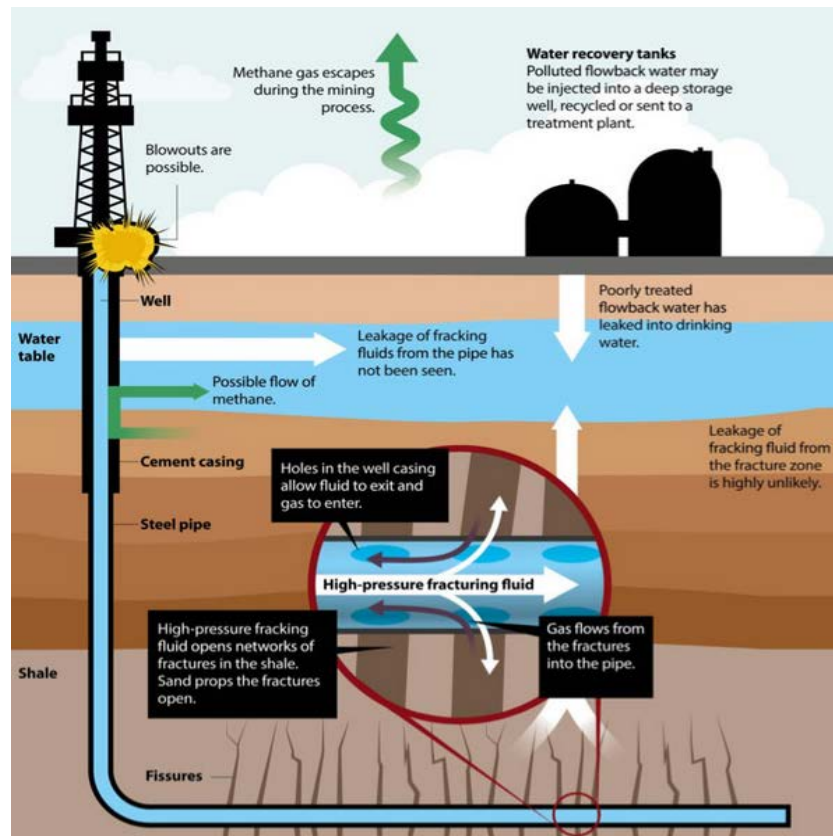
Concern #3: Stability of the Geology in the Region

The risk of earthquakes in North Texas and Oklahoma have more than tripled since 2008, according to a new report from the U.S. Geological Survey. The agency's study attributed the increase in seismic activity in Texas and seven other states to the "disposal of wastewater from energy production into deep wells." The USGS study concentrated on eight states: Texas, Alabama, Arkansas, Colorado, Kansas, New Mexico, Ohio and Oklahoma. It suggested that only a fraction of wastewater wells have been shown to directly cause earthquakes.



The USGS tried to put the risk into perspective this way: North Texas has a 1-in-2,500 chance of having a damaging earthquake in the next year, roughly the same odds "having a tornado strike your house."

The USGS report comes on the heels of the release of a study by scientists from Southern Methodist University in Dallas that found high volumes of wastewater injection, combined with the extraction of saltwater by the oil and gas industry had caused earthquakes in North Texas. That study focused on the more-than-30 earthquakes that hit Azle, Reno and other communities northwest of Fort Worth from late 2013 to early 2014. Those quakes sent a wave of fear through those communities.



The commission hired a seismologist to study the problem and enacted some changes to policies, including adding the power to shut down wells that are found to be causing earthquakes.

Concern #4: Environmental Contamination

In the U.S., there are oil and gas industry regulations, as well as federal and state regulations. Most shale-producing states have more rigorous standards that take primacy over federal regulations, as well as additional regulations that control areas not covered at the federal level.

These include:

- Different depths for well casing
- Level of disclosure of drilling and fracturing fluids
- Requirements for water storage
- Water supply/quantity/withdrawal limits
- Management of flowback and produced water
- Disposal of wastewater by underground injection

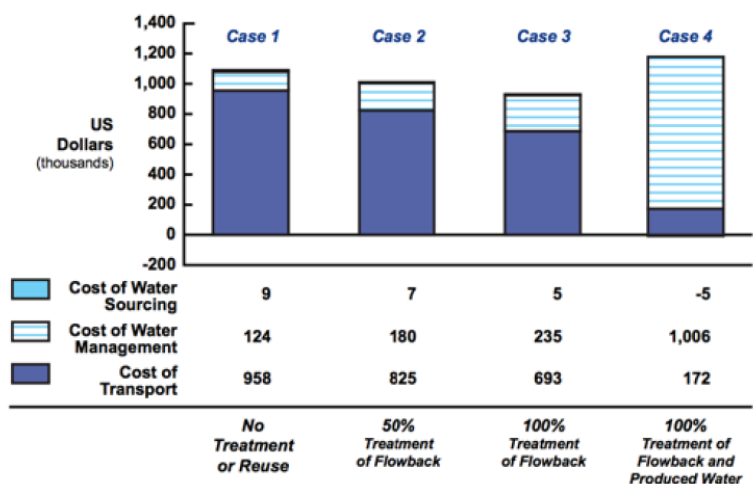
Exploration and energy producers of oil, gas and coal are all under tremendous pressures to increase their production rates as U.S. and International demands grow. Shortages of fresh water will substantially limit industrial growth productivity as these activities require massive amounts of fresh water for operations and where acquiring fresh water is becoming more difficult and more costly, particularly in view of current drought conditions being experienced throughout the U.S. and its Midwest. The practice of producing oil contaminated water has become an even bigger environmental issue with over 18 billion barrels of contaminated produced and flow back water generated annually. While much of this water can be re-injected into the ground, 30% or more must be disposed of or treated, (6 billion barrels). For each barrel of oil or gas recovered, its estimated 7-9 barrels of water are required and where eventually the contaminated water is slated for disposal, (a barrel contains 42 gallons).

BlackStar/EnergyLink has developed new flow through technologies designed to treat and recycle, contaminated oil produced water generated by the petroleum industry. Flowback water is mainly utilized in well drilling to improve harvest extraction efficiencies; it consists mainly of freshwater containing a chemical brine mixture of polymers used as viscosity agents. Approximately 10% of a given site's daily production rate can be lost due to oil emulsification within the flow back water. BlackStar/EnergyLink technology further allows this lost oil to be recovered while simultaneously treating for recycling other contaminants without the addition of chemicals flocculates.

In all cases water returning from down-hole wells contains hydrocarbons, chemicals, salts and sulfurs of varying gravities. Therefore, water treatment prior to recycling or discharge continues to be important not only for environmental compliance but also for cost abatement. Current cost estimates to remediate produced water to class B status, (re-use) is approximately \$.21-.26 per gallon, (\$8.82 per barrel). However, once this water becomes overly saturated with contaminates well beyond re-use status, both Federal and State EPA's then consider it as hazardous waste.

BlackStar/EnergyLink estimates there are over 42 billion gallons of flow back water generated annually within the United States alone and with all containing various levels of contaminate. BlackStar/EnergyLink further estimates of this, (6 billion barrels or 252 billion gallons) could be treated for recycling.

Lifetime Cost of Water Management: Hypothetical Marcellus Shale Gas Well



Oil and gas producers are under significant political and regulatory scrutiny for traditional water waste and disposal practices. Deep concerns are surfacing over environmental damage as well as public health. The costs of water waste disposal well operations both in dollars and in terms of public image are skyrocketing as oil and gas producers are on the brink of a national crisis.

In locations where local water sources are insufficient or otherwise unavailable or where the cost to import water to the location becomes prohibitive, then water from previous oil or gas operations (flow-back water), is processed through pre-treatment for re-cycling. When unacceptable salinity levels rise from repeated injections, a more costly desalination treatment is required prior to re-injection.

It's estimated over 140 billion gallons annually is required at an average cost of \$0.21 per gallon. This represents an approximate \$30 billion per year industry alone in the United States. In a recent report by Lux Research, they concluded the "fracking water market will grow nine-fold by 2020 due to the boosting of new fracking technologies".

BLACKSTAR/ENERGYLINK TECHNOLOGY SOLUTION

BlackStar/EnergyLink is in the first stage of constructing its 1st deployable demo unit ThunderHawk Water Processor containing its new high flow technology utilized in the treatment and purification of contaminated water. This mobile technology is slated for demonstrating the technology's capabilities in regards to oil and gas produced water, drilling muds, evaporative pond, industrial, agriculture or construction produced waters to several pending potential clients.

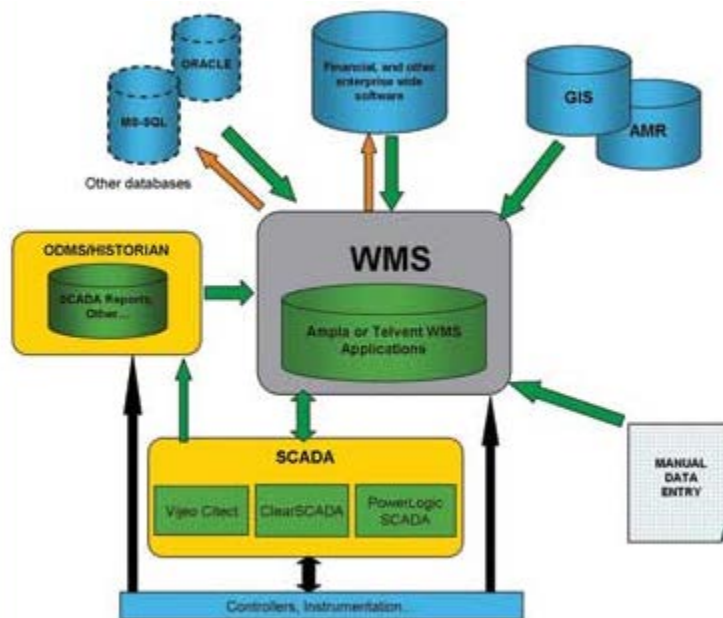
The ThunderHawk Water Processor is a standalone solution for industrial water recovery. High Chlorides mixed with grease, oil, metals and other acids etc. can all be economically restored. Equipment cost is higher, but the need for expensive pre -treatment is reduced to taking out the big chunks.

Nano filtration and absorption, or R/O polishing can be used under certain circumstances but generally is not needed to meet most profiles. Thermal eradication of biologicals destroys any and all unwanted bacteria, molds or fungus.

Solutions are subjected to exothermic and endothermic processes that separate and reclaim targeted reactants. Unnecessary additives are kept to a minimum. These can be used when necessary. All materials that add to the waste and not recoverable are reduced to a minimum. "Less is more" is the design criteria. We do not process radioactive waste or "norm" at this time. If that is a problem we are working on a separation process. We are in the early stages of the development of this process and it is not offered at this time.

BlackStar/EnergyLink systems are designed as towage trailers in 40 foot container modules to allow uniformity with today's transportation requirements. Containers or trailers can be linked together in parallel or in series for increased flow production.

The equipment, designed on a modular platform, reduces downtime and minimizes in field problems. Each module can be restored at our central repair location if necessary. The whole machine can be returned and a new one installed in minutes. Each machine is monitored at a central location. Auto diagnosis is available to identify the source of the delay. A computer operating system (SCADA enabled) oversees on-site system operations and further employs cellular up-linking



for daily accounting of all gallons I barrels processed, (for billing purposes) and further allows remote monitoring and system operational adjustments which lessens the need of field employees.

Introducing ThunderHawk Water Processor Technology

A number of promising techniques based on use of electrochemical technology, distillation technology and membrane technology are being developed and are already entering into industrial wastewater applications. Principal among these newly developed technologies is the BlackStar/EnergyLink ThunderHawk Water Processor for oily-wastewater process streams.

Standard oily-wastewater remediation relied for decades on API 650 for oily-wastewater separation (OWS) treatment using gravimetric lagoon separation, then reprocessing the recovered floatable oil portion, and using holding-pond clarification of the wastewater portion before 'land-farming' discharge, which led to substantial groundwater and air pollution.

Gravimetric treatment and application discharge had significant design shortcomings during routine process upsets, under-sizing for increased production, and uncontrolled storm runoff mixing with the wastewater. OWS certainly can't be expected to meet the more stringent requirements of modern environmental regulations, or be deployed for remote sites as a package treatment plant option.

Various new configurations of separation technology have expanded oily-wastewater treatment options, include everything from hydro-cyclones to coalescing plate filters, dissolved air flotation and even the use of ultra-filtration to separate and concentrate the individual waste streams. While these methods offer good process response through a wide range of flows, and can meet typical 100mg/l total hydrocarbon cleanup regulations, they are incapable of meeting proposed European environmental protection legislation.

Moreover, none of these filtration methods offer the capability of treating the produced wastewater for heavy metals, chemical oxygen demand, de-nitrification and phosphorus removal without more advanced treatment processes, such as chemical precipitation, air stripping, chemical oxidation, or activated carbon adsorption. Again, these advanced processes generally cannot be mobile deployed to remote sites as a package treatment plant option, and all produce a toxic concentrate or sludge, which then becomes another waste stream.

Technology based on thermal processing today has advanced well beyond the campfire. Earlier technologies for the processing of waste liquids have been distillation, reverse osmosis, micro filtration, chemical filtration and electro-coagulation etc. These processes work to varying degrees some better than others. Today's difficult combinations of chemicals, minerals, bacterial, and heavy metals including organic and inorganic compounds that do not allow just a single process to purify and restore the water back to a usable commodity. Modern industry requires a modern solution. Most all membrane processors and clarifying processes have major quantities of polluted materials that are now a concentrated and a larger liability. Many processes treat the suspended solid but not the dissolved solids. Volatile organic compounds easily destroy membranes. In other words today's effluents demand a solution that is efficient, safe, viable to actually deal with the complex problems created by industry today.

The problem requires an enhanced method of reacting the targeted condition and creating a series separation and thermal reconstructions of the targeted effluent that create a series of products from the effluents and the residual waste. This is easier said than done. Good news we have a method that lends itself to clearly processing the majority of industrial wastewater conditions. The ThunderHawk Water Processor (TWP) has stepped forward from years of trial by fire research and will set the standards for efficiency, viability in the recovery of water to a natural state. Negating the need for injection wells, storage of contaminated materials, opens the door to responsible and technically affordable solutions. This will free future generations from the burden of a damaged and polluted environment. The correction and rehabilitation of the environment can be accomplished with these new environmentally friendly processes.

The TWP is a thermally enhanced series of stimulation, which is then processed to recover energy and enhance further processing goals increasing viability. The full gamut of enhanced separation techniques is employed while combining a resource recovery process to develop

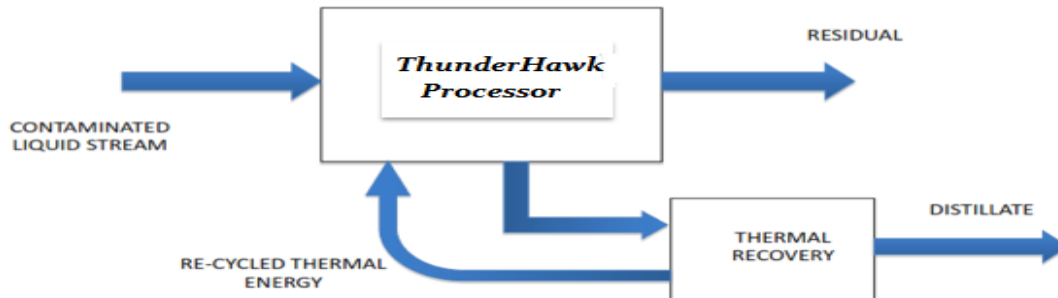
viable by products. This style of processing is rare in our industry today. The thermal processor that can accomplish this is new; processes are designed for continuous flow. Thermal processors are not new but the combined resource of energy recovery is, making the TWP process one of the most economical with full cradle to grave results. The decrease in liability in the present and future is resolved by this intuitive series of processes from one machine.

How It Works

Oily-wastewater is composed of suspended oily lipid droplets in water, interspersed with solid particles and with dissolved compounds, each having different molecular weights, chemistries and electrical charges. These electrical charges can be measured as the 'zeta potential and tend to keep oily lipid droplets, solid particles and dissolved compounds from interacting chemically. Electrical charges tend to form a semi-stable emulsion (similar to milk), which is difficult to separate. However, under suitable conditions of a controlled and carefully applied DC voltage and current, several unique electro-chemical effects result:

1. Coalescing Super Coagulation - ThunderHawk Water Processor neutralizes the charges surrounding the lipid droplets, allowing them to quickly coalesce and 'super-coagulate out of an emulsion. This applies to both heavy and aromatic- hydrocarbons, with specific results in coalescing and super-coagulating dependent on molecular compound weights and their concentration within the fluid stream.
2. Chemical Oxidation- ThunderHawk Water Processor creates free hydroxyl (OH-) radicals in solution which rapidly and aggressively combine with oily lipids, particulates and dissolved compounds, depending on their individual chemistries.
3. In particular, ThunderHawk Water Processor has the potential to breakdown complex organic molecules, including high molecular weight compounds that may be resistant to other forms of treatment, (such as pesticides, herbicides, dyes and wet-process chemicals).
4. ThunderHawk Water Processor works on many dissolved metals by forming stable metallic oxides which rapidly precipitate from solution as particles which allows a high level of removal and directly reduces chemical oxygen demand in some waste water cases.
5. Biological Inactivation- ThunderHawk Water Processor free hydroxyl (OH-) radicals rapidly and aggressively combine with and destroy bacteria, viruses, cysts, macrophages and other biological contaminants, similar in effect to using ozone, but at a level of magnitude better. Depending on water chemistry and its contact time, inactivation is achievable. This biological inactivation potential is being used by the US military as a pre-treatment with reverse-osmosis (RO) to prevent biological-warfare on potable water supplies.

6. ThunderHawk Water Processor has achieved nearly unobtainable wastewater treatment efficiencies through distillation and thermal dissociation. Prior to this innovation, distillation and thermal dissociation processes were cost prohibitive. A major technology resulted in this newfound efficiency. In order to evaluate the applicability of ThunderHawk Water Processor to particular wastewater process streams thorough and detailed water chemistry should be conducted along with a volume sampling for bench testing to confirm theoretical prediction of treatment efficiency.



Targeting Distillation Applications

Distillation has shown to be an effective process for wastewater contamination. Its shortcomings are metallic and salt plating of the heat exchangers and inability to produce a complete product of a full reduction of waste stream. ThunderHawk Water Processor can be used upstream of standard filtration units to pre-oxidize and pre-sterilize raw water, removing BOD, COD, dissolved metals and biological contaminants. Pre-treated water can be subjected to ThunderHawk Water Processor bypassing sand filtration, ultra-filtration, GAC and CDI/ RO, as required for raw water conditioning. The system meets all necessary potable water standards.

ThunderHawk Water Processor has been successfully tested for breakdown of complex and biologically active large organic molecules such as pesticides, herbicides, dyes and endocrine disrupters (ED's). ThunderHawk Water Processor treatment end-product produces small-chain, generally biologically-inert, compounds necessary to meet wastewater discharge standards. The ThunderHawk Water Processor has resolved the issues of the final 20% of the hydrocarbons, salt, oil combination that no other equipment is viable in these areas.

Produced Oily Wastewater Treatment (Especially in Refinery)

ThunderHawk Water Processor has been successfully tested for breakdown of oil field produced water which further relates to oily barge ballast water, drill fluids, gas and oil pipeline entrained water and refinery process water. Treatment end products are coalesce-able and biologically inactive with oils and greases super-coagulated. ThunderHawk Water Processor pre-treated waste water is subjected to hydro-cyclone vortex, skimming and biological oxidation as required for the conditioning necessary to meet wastewater discharge standards.

ThunderHawk Water Processor units are designed as portable, container modules with a minimal footprint to ease integration into existing plant layouts and are easily field deployable for batch or flow through site cleanup.



ThunderHawk Water Processor Computer Control

Fully automated ThunderHawk Water Processor treatment units are equipped with programmable logic control (PLC) systems which monitor, adjust, and verify the level of wastewater conversion to harmless by-products. Remote operation and adjustment monitoring is based on arriving influent and exiting effluent.

Before and after parameters are monitored and allow for adjustments in pH, turbidity, hydrocarbon and salinity in outgoing effluents. Further monitored are the filter media and the CDI module when reverse flushing are required.



THUNDERHAWK WATER PROCESSOR OPERATING PARAMETERS

Waste Water Pre-Testing

Prior to waste water treatment a series of lab tests are conducted to determine the type or extent of contaminants contained within the influent water. Analytical testing includes heavy metals, chemicals, sulfides and biological. Upon contamination establishment, the ThunderHawk Water Processor system is then adjusted to specific target, goals or standards set for the application.



333 East Kaliste Saloom Road
Lafayette, Louisiana 70508
337-234-7414

Company: Blackstar Environmental Group, Inc.

Date: 11/16/16

Lab No: LGL-0214
Non-Regulatory

Field: CPE - Carencro

Attention: Mr. Irv LeBlanc

Sample Data:

Sample Date: 11-10-16
Sample Time: 0900 hrs.
Sampled By: Irv LeBlanc

WATER ANALYSIS

Laboratory Data:

Parameters	Salt Brine Water	Clean Water	Dry Salt Reconstituted in a DI Water
Chloride – mg/l	82,561	178	---
Sodium – mg/l	35,334	80	285,770
Sulfate – mg/l	2	<1	---
Calcium – mg/l	9,268	29	73,109
Magnesium – mg/l	534	2	4,336
Iron – mg/l	22	<1	130
Barium – mg/l	286	1	2,273
Strontium – mg/l	980	2	7,934
p.H. – s.u.	6.46	6.77	---
Specific Gravity	1.0931	1.0002	---
Conductivity – mS/cm	156	0.671	---

In heavy contamination applications, ThunderHawk Water Processor may require operation in loop mode, (batch) in order to achieve selective standards. In some applications, certain components of ThunderHawk Water Processor may not be utilized such as its filters or desalination module for increased TDS, TSS I TIC, TOC, VOC reductions.

ThunderHawk Water Processor Maintenance

The ThunderHawk Water Processor is a platform based modular system. Modules are easily replaced in the field, or a complete unit can be changed in minutes minimizing down time or customer well site problems.

ThunderHawk Water Processor is economical to operate with the BlackStar/EnergyLink bench system, (used to conduct testing) has shown to be effective all types of waste water presented the use of filter media is generally unnecessary to meet most standards, but if necessary can be used to polish to meet nearly any criteria. .

ThunderHawk Water Processor media filters provide flexibility in targeting certain types of contaminant, (metals, organic and non-organic substances). Media housings are designed to except particular known media's having specific and high adsorption abilities and where a series of different media can be used in combination for selective contaminants targeting.

ThunderHawk Water Processor media housings provide a reverse flushing process once contaminant saturation has been reached. Upon the reverse flushing process, contaminants are directed for collection to containment chambers where once dewatered can be shipped as solids, (not liquid) for disposal or where a fractionation process can be applied to separate out potential products of value.

Economic Viability

The opportunity is to be a part of the most revolutionary piece of water technology in the last 50 years. Our technology will not only treat frac water which is the number one problem we are facing in the oil and gas business today, but it will treat a more serious problem also which is production water. Frac water is a onetime treatment and you follow the trend from site to site and well to well.

These processes are invaluable in ground water restoration and remediation. Wherever past endeavors created unwanted conditions, these can be restored using this equipment. Safe and economical processing of ground water and soil contaminants are easily processed for recovery. Safe and economical return of industrial waste water to drinking water standards can be achieved. The environmental health of our resources can be economically and safely maintained.

- The BlackStar/EnergyLink Group have developed the technology and have exclusive rights to the technology which allows this water to be treated in an environmentally friendly manner at profitable return.
- The BlackStar/EnergyLink Group have located some of the most profitable areas of the United States to participate in and to put our equipment to work and to showcase our technology.
- Differences in frac water and production water: Frac water is fresh water that is used to frac the well in which chemicals are injected into the water and pushed down hole at high pressure. Water returns to the surface during oil production.
- Water that has returned needs to be treated and then disposed of by injecting into an injection well or recycled by processing.

Local counties and municipalities are now charging the oil companies for the water, as each frac takes millions of gallons of water per day. The municipal facilities are easily overwhelmed and the problem of supply becomes a major issue. Recycling water and restoring the water are beneficial to all. Drilling wastes and emulsions are easily processed with this efficient and beneficial technology.

Initial costs for ThunderHawk Water Processor deployment will substantially be lower than fixed treatment plants. Modules can be made available for emergency deployment within 24 hours to anywhere on the globe and set up to treat water or wastewater within a matter of hours, making ThunderHawk Water Processor ideal for oil spills and other emergency applications. Operations as well as electrical costs are substantially lower since the units require minimal mechanical pumping and limited operating personnel in attendance when in automated mode.

ThunderHawk Water Processor Energy Consumption and Consumables

The ThunderHawk Water Processor has the lowest costs in the environmental business today. The Per Barrel price is slightly higher than reverse osmosis or EC. This is where the ThunderHawk Water Processor steps out from the competition. The ThunderHawk Water Processor provides a pathway for recovery and development of material generally considered waste. The last 20% in these processes are always the hardest, and this is where the ThunderHawk Water Processor shines thru.

Generally the last 20% of this process is normally not included in the cost per barrel to the customer. These extra charges dramatically alter the financial landscape for the customer. The reduced waste volume from the ThunderHawk Water Processor easily offsets any additional cost to the customer with little or no front end pretreatment and reduced volume of waste makes the ThunderHawk Water Processor easily the most cost effective treatment for this waste.

Fabrication of TWP Units

Finally, our financial plan includes the development of a fabrication center for production of TWP units. This approach will allow for rapid response to our deployment requirements while also ensuring the integrity of our technology. While BlackStar/EnergyLink will source parts and elements of the TWP from multiple suppliers, the final assembly and testing will take place at our fabrication site. Not only does this allow for effective economic benefits to BlackStar/EnergyLink but it also ensures that we are able to meet demand of our services on a cost versus price basis.

Technology Conclusion

No one technology or company has all the answers, therefore in combination with other commercial systems used in prescreening of raw or wastewater, or followed by post-filtration as applicable to the client's needs.

ThunderHawk Water Processor offers the solution to meet all water and wastewater environmental regulations. The applicability and cost-effectiveness of ThunderHawk Water Processor as with any water or wastewater treatment technologies can be determined by bench testing and detailed lab analysis prior to field deployment. This warranty's a knowledgeable customer relationship.

BLACKSTAR/ENERGYLINK is initiating construction of a demo machine for testing its core module designs. This system will then be used in an enclosed trailer-mount unit capable of processing 1000 barrels per day of produced water. This system will be used for wastewater desalination treatment and to provide potential customer awareness of ENERGYLINK / BLACKSTAR'S wastewater recycling capabilities.

OTHER VERTICAL MARKETS

While the first markets targeted by BlackStar/EnergyLink are in oil and gas produced waters within the U.S. and Canada, other growing market segments exist in areas such as agriculture, food processing, industrial manufacturing and activities in energy production, all of these applications provide BlackStar/EnergyLink with vertical markets where its technologies can be deployed.

As new State and Federal laws come into effect, fines are being imposed at all levels, (Local, District, State and Federal). As an example, a contractor within the state of California was recently fined \$5M for discharge of construction produced water into a local canal.

FIELD OPERATIONS

Another unique element of the BlackStar/EnergyLink business system includes our field services organization to support our mission critical operations. And of course, we use logistics as a key driver of our efforts to meet sustainability objectives in our operations.

Service Offering

Our offerings include:

- Provide asset and non-asset transportation management
- Complete field service automation solution
- Asset management in the field with positive control of those assets for security
- Client dashboard when assets are placed in field operations
- Simplify work orders and process, cut travel time
- Optimized technician/crew scheduling
- Provide labor management in field operations
- Optimize inventory levels on trucks/warehouse

- Automate the reverse logistics process
- Leverage business analytics to discover trends, optimize processes and differentiate services
- Maintain visibility of flow rates and processing for billing purposes
- Fully cloud based solutions allowing for anywhere-anytime access by the operators or clients

Command Center

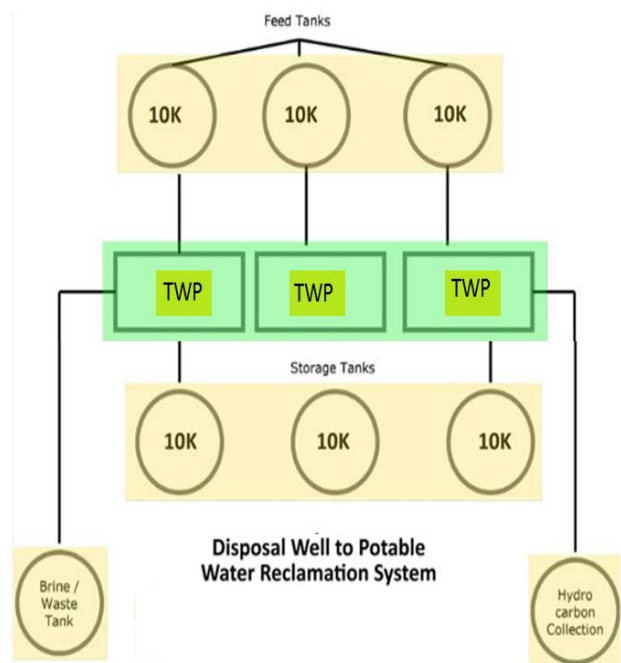
BlackStar/EnergyLink provides a centralized command center structure to maintain communications with its clients, field service operations and device level monitoring. The command center will allow BlackStar/EnergyLink and its operators and clients to review all activities related to the handling of produced water along with capturing flow through rates and associated billing information.

Super Center

The TWP unit can be deployed at the well head, in close proximity to several wells or in a serial formation as a super center. During our first year of operation, BlackStar/EnergyLink expects to establish the first super center through which centralized processing of produced water will occur and achieve a 10,000 barrel per day processing capacity.

The super center is comprised of produced water feed tanks, TWP units, storage tanks for processed water and disposal tanks for brine, contaminants, metals and of course, recovered hydrocarbons. The center will act as a centralized processing center through which water trucks can move and dispose of water or reclaim water after processing.

The super center operations will allow BlackStar/EnergyLink to scale capacity while serving multiple geographies or clients where higher volumes of produced water must be handled or where proximity to the wells is limited.



COMPETITION

The majority of oil fields located within the U.S. are owned and operated by smaller energy companies, (approximately 80%) many of which produce between 10,000 to 100,000 barrels daily, are now falling under new environmental legislation requiring their sites to upgrade to newer, cleaner and greener technologies or face shut downs and fines for non-compliance from government authorities.

Due to these new regulations there are several companies planning or are already providing similar services as BlackStar/EnergyLink in the oil produced wastewater field and with a variety of new technical solutions coming. These companies range in size from giants like Halliburton and Schlumberger to much smaller companies.

BlackStar/EnergyLink believes that it has several distinct advantages in its marketing approach:

- Competing systems which incorporates the use of electrocoagulation also must employ a reverse osmosis system as the main solution for salinity. This results in a much more capital intensive and energy consuming process.
- Other companies and manufactures insist on a per-barrel-of-fluid handled fee in conjunction to the capital cost of their equipment. This results in capital expenditures to the site owners in the range of \$850,000 for electrocoagulation circuits to \$3,500,000 for reverse osmosis units for desalination.
- EnergyLink / BlackStar's system uniquely combines the ThunderHawk processors uniquely targeted reaction systems that provide a complete cradle to grave solution at a cost competing with the best of any other technology.
- EnergyLink / BlackStar's patented technologies and processes will provide IP protection, as will ongoing R&D to refine and develop new advanced approaches for wastewater producers.
- EnergyLink / BlackStar's approach of initially working in partnership with current water remediation operators will encourage early adoption and lower their transport, treatment and desalination costs.

MANAGEMENT

The core management team is comprised of Brennon Vinet, Chief Executive Officer/Chairman of the Board, and Irvin LeBlanc/ Exec. VP Global Operations.

Brennon Vinet, Chief Executive Officer

Over 20 years' experience in management of multi-million dollar corporations. Articulate negotiator, self-driven entrepreneur, employee advocate, and diplomatic pro-active management style. Is an Innovative thinker with broad-based expertise in operations, finance and business development. Proven ability to quickly analyze key business drivers and develop strategies to grow bottom line.

Opened Universal Parts and Supply, Inc. in 1997 a startup business from ground level and within first year was doing over a million dollars in revenue. Operated Universal with about 40 employees and continued to grow the business till 2005 in which I sold the company in a multi-million dollar sale with revenues over 10 million a year.

Started a disaster relief company and went to New Orleans and Florida to do disaster relief work. The company owned 2 C&D landfills and we then acquired B&B Fire and Safety, Inc. and Coast wide Investment Group. We maintained a high level of presence on the gulf coast and did over 125 million dollars in sales in 2006.

Brennon managed over 400 employees, four disposal landfills and hazmat processing along with daily operations of the New Orleans clean-up from Hurricane Katrina and Hurricane Rita in St. Bernard and Plaquemines Parishes. In 2008 Brennon and Terra Vinet formed Gulf Crown Energy Resources LLC, a woman owned business that is an oilfield waste transport company that transports oilfield waste and crude oil across the country also a turn-key industry provider. Brennon had a large presence in the BP oil cleanup in Louisiana in Florida by providing logistics and equipment to aid in the efforts along the gulf coast.

Irvin LeBlanc, Exec. VP Global Operations**QUALIFICATION SUMMARY:**

- 40+ years of experience
- Specialized in wellsite supervision of all phases of completion/rig workover and concentric operations
- Extensive experience directly supervising snubbing, coiled tubing, pipe recovery, blowout operations, and wireline jobs
- Proficient in tubing recovery, cased-hole logging, cement bond logging, setting packers and retainers, plug back operations, and recompletions
- Experienced in turnkey P&A operations
- Instrumental in the development of U.S. Patents and Patents Pending in chemical cutting and centralization of downhole equipment

- **Work Experience:**

Workovers and Completions: Rig Workover and Completions, Hydraulic Snubbing Units, Coiled Tubing Units, Electric Line, Wireline, P&A Operations, High Pressure / High Temperature, Recompletions, Multiple zone recompletions / HRWP/ Frac Packs, Drill Pipe Recovery

- **Geographic Locations:**

US Gulf Coast: (offshore and inland) TX, LA, MS; (land) East & South LA, East and South TX,

- **Rig Types:**

Floaters, Drill Ship, Spar, Jack-ups, Platform, Inland Barges, Land Rigs, Workover Rigs, Snubbing Unit, Lift Boat

WORK HISTORY:

Well site Consultant – STOKES & SPIEHLER 2005-Pr.

- **El Toro:** Fracturing and flow back operations in South TX
- **Apache:** Cased hole completions, workovers, recompletions, gravel packs and coil tubing projects; 45 inland water wells.
- Supervised installation of a production separator, flowlines and production facility on a land construction site in Texas for **Sun River**
- Supervised operations on a blowout for 110 days utilizing electric line, Slickline, coil tubing and snubbing unit, on barges in remote area of the Basin for
- Supervised P&As of 20 wells on 6 production platforms Offshore TX
- Supervised workover/recompletion operations on barge rig for in Basin
- Supervised completion/workover/coil tubing operations for the additional companies: **Shoreline, Apache, Sandalwood, Triangle Oil & Gas, ORB, PetroQuest Helis, Noble Energy, Vintage Petroleum, Pennington, Browning, Miss Lou, Forest, Gulf Production, Caddo, Apollo, Pitco, Smith Production, Harvest Oil & Gas, GED Oil Forza Oil and Rozel**

EDUCATION / INDUSTRY TRAINING:

BS/MS – Energy Engineering Technology; Major – Project Management Yamuni Institute Technology, Las Vegas, NV 2011

California University-Los Angeles, CA 2011

Well Control Certified
PEC Certified

T-2 Certified
Incipient FF

Water Survival
Crane & Rigger

SafeGulf
TWIC

THE FINANCIAL OPPORTUNITY

The water treatment estimates for the market are in excess of \$18 billion dollars. In addition, the associated logistics related to the water movement required for processing nearly double this effective market opportunity.

Current field rates for treatment range from \$2-11.50 per barrel handled.

Market Prices for Water Use & Treatment

Source Data:		<u>Acquisition costs</u>	
		– \$0.25–\$0.75 raw water cost	
		– \$0.63–\$5.00 transportation costs	
		<u>Disposal costs</u>	
		– \$0.63–\$5.00 transportation	
		– \$0.50–\$1.00 disposal deep well injection	
		<u>Total costs</u>	
		– \$2.00–\$11.75/bbl	

BlackStar/EnergyLink services, to include its logistics practice, are well positioned with its proprietary and mobilized technology to aggressively grow its business to profitability. Through our manufacturing to services solution, BlackStar/EnergyLink will achieve and exceed financial performance in the market generally. Our approach to the integration of Research & Development, the Intellectual Property entity and our Operations and Manufacturing provides a solid underpinning to our financial projections.

We are confident, given the scalability of our system and our operating costs and business structure, that BlackStar/EnergyLink will establish itself as a preeminent provider of water remediation services to the Oil & Gas industry.

Key Assumptions

The ThunderHawk Water Processor can handle 2,500 barrels of produced water per day. Actual field operations along with MRO and changeover may reduce this level of capacity. As such, our financial model is built on a 300 day calendar for operations. Finally, our service rate charge per barrel of produced water is planned at \$5.00 per barrel. This compares favorably to the mid-point of market data in the field. The following table provides a summary of the market assumptions and production capacity of our financial model and drives our pro forma planning.

Financial Model Assumptions

Number of US Oil & Gas Wells		1,100,000
Average Gallons Per Well Annually		5,000,000
Produced Water Average Bbl Per Well Per Year		119,048
Average Processing Price Per Barrell		\$5.00
FNP Production Capacity Bbl/Per Day		1500
Device Production Per Year		450,000
Geography factor per device %	100%	450,000
Average Days in Production		300
Royalties		10%
Hydrocarbon Recovery		3.0%
Hydrocarbon Revenue Per Bbl		\$30.00
G&A Miscellaneous Factor (excludes pay & field ops)		10%

Based on the market data presented and our production assumptions, we find the following pro forma financial results.

 Three Year - Full Year Operations Pro-Forma Estimates						
	2016		2017		2018	
Revenues						
Revenue Water Processing	\$ 40,375,000		\$ 201,875,000		\$ 442,000,000	
Number of Devices In Production	25		125		200	
Total Services Revenue	\$ 40,375,000		\$ 201,875,000		\$ 442,000,000	
Total Direct Operating Expenses		\$ 9,004,167		\$ 54,770,833		\$ 114,200,000
Gross Operating Margin	\$ 40,375,000		\$ 147,104,167		\$ 327,800,000	
Other Revenues - Hydrocarbon Recovery	\$ 7,267,500		\$ 36,337,500		\$ 79,560,000	
Royalties on Hydrocarbons		\$ 726,750		\$ 3,633,750		\$ 7,956,000
Net Operating Margin	\$ 37,911,583		\$ 179,807,917		\$ 399,404,000	
Expenses						
TOTALS	\$ 37,911,583	\$ 4,287,330	\$ 179,807,917	\$ 21,444,733	\$ 399,404,000	\$ 39,701,338
EBITDA	\$ 33,624,254		\$ 158,363,184		\$ 359,702,662	
Retained Earnings	\$ 20,108,426		\$ 78,271,732		\$ 192,217,358	

CONCLUSION

BlackStar/EnergyLink can become one of the environmental industry's leading providers of technology and services with a unique licensing and patent portfolio and operational capability. Our approach to "best in class" technology in conjunction with rapid industrialization and commercialization, will deliver superior returns to our investors and shareholders.

We are seeking a financial commitment of \$9 million dollars for production of our TWP units, field service development and working capital related to this plan.

With a passion for the environment and green technology, BlackStar/EnergyLink will advance the applied sciences while at the same time serve people through a robust and environmentally conscious business solution. This approach will allow BlackStar/EnergyLink to sustain a business model that will provide for longevity and value.

***For further information and discussion please contact Mr. Ben Vinet,
President& CEO at:***

The BlackStar/EnergyLink Group

ben@theenergylinkgroup.com

Phone: 337.400.9015

APPENDIX

Pro Forma Financial Summary

Annual Pro Forma Financials Year 1~3

Monthly Pro Forma Financials Year 1~3

Start Up Costs & Assumptions

Remediation Center Design

Command Center Budget

Manufacturing Facility Budget

Truck Center Maintenance Budget

Sources & Research

PRO-FORMA FINANCIAL SUMMARY

	Full Year Operations		
	Pro-Forma Estimates		
	Year 1	Year 2	Year 3
Services Revenues	\$35,625,000	\$178,125,000	\$390,000,000
Other Revenues	\$6,412,500	\$32,062,500	\$70,200,000
TOTAL REVENUE	<u>\$42,037,500</u>	<u>\$210,187,500</u>	<u>\$460,200,000</u>
Operating Expenses	\$9,670,417	\$57,477,083	\$119,020,000
GROSS OPERATING PROFIT	<u>\$32,367,083</u>	<u>\$152,710,417</u>	<u>\$341,180,000</u>
G&A Expenses	\$4,117,075	\$13,803,042	\$27,390,763
EBITDA	<u>\$28,250,009</u>	<u>\$138,907,375</u>	<u>\$313,789,237</u>
Note: Analysis period assumes 36 months of operations.			

ANNUAL PRO FORMA – YEAR 1

Year One - Full Year Operations			
			
Pro-Forma Estimates			
Revenues			Per Bbl
Bbl's Water Processing	7,125,000		
Revenue Water Processing	\$ 35,625,000		\$5.00
Number of Devices In Production	25		
Total Services Revenue	\$ 35,625,000		
Direct Operating Expenses			
MRO		\$ 375,000	
Field Operations		\$ 1,425,000	
Logistics		\$ 3,166,667	
Fuel Services		\$ 500,000	
Royalties		\$ 3,562,500	
Total Direct Operating Expenses		\$ 9,029,167	
Gross Operating Margin	\$ 35,625,000		
Other Revenues - Hydrocarbon Recovery	\$ 6,412,500		
Royalties on Hydrocarbons		\$ 641,250	
Net Operating Margin	\$ 32,367,083		
Expenses			
Salaries & Benefits		\$ 2,018,260	
Field Operations Supplies		\$ 450,000	
Travel & Lodging		\$ 426,075	
Other Legal Services		\$ 269,250	
Computers, Software & Services		\$ 43,125	
Office Lease		\$ 131,560	
Marketing Video & Materials		\$ 281,250	
Miscellaneous		\$ 149,892	
Accounting Support		\$ 224,250	
Phone & Insurance Office		\$ 21,600	
Insurance		\$ 34,125	
Advertising		\$ 56,250	
Printing		\$ 11,438	
TOTALS	\$ 32,367,083	\$ 4,117,075	
EBITDA	\$ 28,250,009		
Depreciation Allowance		\$ 750,000	
Interest Expense		\$ 956,117	
Net Income Before Taxes	\$ 26,543,892		
Income Taxes @37%		\$ 9,821,240	
Retained Earnings	\$ 16,722,652		

REV (2) June 21, 2017

ANNUAL PRO FORMA – YEAR 2

Year Two - Full Year Operations				
				
Pro-Forma Estimates				
Revenues				Per Bbl
Bbl's Water Processing	35,625,000			
Revenue Water Processing	\$ 178,125,000			\$5.00
Number of Devices In Production	125			
Total Services Revenue	\$ 178,125,000			
Direct Operating Expenses				
MRO			\$ 1,875,000	
Field Operations			\$ 11,250,000	
Logistics			\$ 15,833,333	
Fuel Services			\$ 7,500,000	
Royalties			\$ 17,812,500	
Total Direct Operating Expenses			\$ 54,270,833	
Gross Operating Margin	\$ 123,854,167			
Other Revenues - Hydrocarbon Recovery	\$ 32,062,500			
Royalties on Hydrocarbons			\$ 3,206,250	
Net Operating Margin	\$ 152,710,417			
Expenses				
Salaries & Benefits			\$ 3,774,300	
Field Operations Supplies			\$ 2,250,000	
Travel & Lodging			\$ 629,050	
Other Legal Services			\$ 78,631	
Computers, Software & Services			\$ 843,750	
Office Lease			\$ 197,340	
Marketing Video & Materials			\$ 1,406,250	
Miscellaneous			\$ 707,158	
Accounting Support			\$ 157,263	
Phone & Insurance Office			\$ 46,800	
Insurance			\$ 56,250	
Advertising			\$ 2,812,500	
Printing			\$ 843,750	
TOTALS	\$ 152,710,417		\$ 13,803,042	
EBITDA	\$ 138,907,375			
Depreciation Allowance			\$ 3,750,000	
Interest Expense			\$ 4,780,585	
Net Income Before Taxes	\$ 130,376,789			
Income Taxes @37%			\$ 48,239,412	
Retained Earnings	\$ 82,137,377			

ANNUAL PRO FORMA – YEAR 3

Year Three - Full Year Operations			
 Pro-Forma Estimates			
Revenues			<i>Per Bbl</i>
Bbl's Water Processing	78,000,000		
Revenue Water Processing	\$ 390,000,000		\$5.00
Number of Devices In Production	200		
Total Services Revenue	\$ 390,000,000		
Direct Operating Expenses			
MRO			\$ 3,000,000
Field Operations			\$ 18,000,000
Logistics			\$ 40,000,000
Fuel Services			\$ 12,000,000
Royalties			\$ 39,000,000
Total Direct Operating Expenses			\$ 112,000,000
Gross Operating Margin	\$ 278,000,000		
Other Revenues - Hydrocarbon Recovery	\$ 70,200,000		
Royalties on Hydrocarbons			\$ 7,020,000
Net Operating Margin	\$ 341,180,000		
Expenses			
Salaries & Benefits			\$ 5,050,800
Field Operations Supplies			\$ 3,600,000
Travel & Lodging			\$ 841,800
Other Legal Services			\$ 105,225
Computers, Software & Services			\$ 1,350,000
Office Lease			\$ 268,180
Marketing Video & Materials			\$ 2,250,000
Miscellaneous			\$ 1,703,633
Accounting Support			\$ 5,857,525
Phone & Insurance Office			\$ 63,600
Insurance			\$ 450,000
Advertising			\$ 4,500,000
Printing			\$ 1,350,000
TOTALS	\$ 341,180,000	\$ 27,390,763	
EBITDA	\$ 313,789,237		
Depreciation Allowance			\$ 6,000,000
Interest Expense			\$ 7,648,936
Net Income Before Taxes	\$ 300,140,301		
Income Taxes @37%			\$ 111,051,911
Retained Earnings	\$ 189,088,390		

	Pro Forma - Monthly P&L												
	Month 1	Month 2	Month 3	Month 4	Month 5	Month 6	Month 7	Month 8	Month 9	Month 10	Month 11	Month 12	Period Totals
Annual													
Revenues													
<i>Number Remediation Units</i>	5	7	9	11	13	15	17	19	21	23	25	25	25
<i>Bbl's Water Processing</i>	187,500	262,500	337,500	412,500	487,500	562,500	637,500	712,500	787,500	862,500	937,500	937,500	7,125,000
<i>Revenue Water Processing</i>	\$ 937,500	\$ 1,312,500	\$ 1,687,500	\$ 2,062,500	\$ 2,437,500	\$ 2,812,500	\$ 3,187,500	\$ 3,562,500	\$ 3,937,500	\$ 4,312,500	\$ 4,687,500	\$ 4,687,500	\$ 35,625,000
													\$ -
<i>Number of Devices In Production</i>	5	7	9	11	13	15	17	19	21	23	25	25	25
Total Services Revenue	\$ 937,500	\$ 1,312,500	\$ 1,687,500	\$ 2,062,500	\$ 2,437,500	\$ 2,812,500	\$ 3,187,500	\$ 3,562,500	\$ 3,937,500	\$ 4,312,500	\$ 4,687,500	\$ 4,687,500	\$ 35,625,000
Direct Operating Expenses													
<i>MRO</i>	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 31,250	\$ 375,000
<i>Field Operations</i>	\$ 37,500	\$ 52,500	\$ 67,500	\$ 82,500	\$ 97,500	\$ 112,500	\$ 127,500	\$ 142,500	\$ 157,500	\$ 172,500	\$ 187,500	\$ 187,500	\$ 1,425,000
<i>Logistics</i>	\$ 83,333	\$ 116,667	\$ 150,000	\$ 183,333	\$ 216,667	\$ 250,000	\$ 283,333	\$ 316,667	\$ 350,000	\$ 383,333	\$ 416,667	\$ 416,667	\$ 3,166,667
<i>Fuel Services</i>	\$ 41,667	\$ 41,667	\$ 41,667	\$ 41,667	\$ 41,667	\$ 41,667	\$ 41,667	\$ 41,667	\$ 41,667	\$ 41,667	\$ 41,667	\$ 41,667	\$ 500,000
<i>Royalties</i>	\$ 93,750	\$ 131,250	\$ 168,750	\$ 206,250	\$ 243,750	\$ 281,250	\$ 318,750	\$ 356,250	\$ 393,750	\$ 431,250	\$ 468,750	\$ 468,750	\$ 3,562,500
Total Direct Operating Expenses	\$ 287,500	\$ 373,333	\$ 459,167	\$ 545,000	\$ 630,833	\$ 716,667	\$ 802,500	\$ 888,333	\$ 974,167	\$ 1,060,000	\$ 1,145,833	\$ 1,145,833	\$ 9,029,167
Gross Operating Margin	\$ 650,000	\$ 939,167	\$ 1,228,333	\$ 1,517,500	\$ 1,806,667	\$ 2,095,833	\$ 2,385,000	\$ 2,674,167	\$ 2,963,333	\$ 3,252,500	\$ 3,541,667	\$ 3,541,667	\$ 26,595,833
Other Revenues - Hydrocarbon Recovery	\$ 168,750	\$ 236,250	\$ 303,750	\$ 371,250	\$ 438,750	\$ 506,250	\$ 573,750	\$ 641,250	\$ 708,750	\$ 776,250	\$ 843,750	\$ 843,750	\$ 6,412,500
<i>Royalties on Hydrocarbons</i>	\$ 16,875.00	\$ 23,625.00	\$ 30,375.00	\$ 37,125.00	\$ 43,875.00	\$ 50,625.00	\$ 57,375.00	\$ 64,125.00	\$ 70,875.00	\$ 77,625.00	\$ 84,375.00	\$ 84,375.00	\$ 641,250
Net Operating Margin	\$ 801,875	\$ 1,151,792	\$ 1,501,708	\$ 1,851,625	\$ 2,201,542	\$ 2,551,458	\$ 2,901,375	\$ 3,251,292	\$ 3,601,208	\$ 3,951,125	\$ 4,301,042	\$ 4,301,042	\$ 32,367,083
G&A Expenses													
<i>Salaries & Benefits</i>	\$ 224,250	\$ 224,250	\$ 224,250	\$ 224,250	\$ 5	\$ 5	\$ 186,875	\$ 186,875	\$ 186,875	\$ 186,875	\$ 186,875	\$ 186,875	\$ 2,018,260
<i>Field Operations Supplies</i>	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 450,000
<i>Travel & Lodging</i>	\$ 33,638	\$ 33,638	\$ 33,638	\$ 33,638	\$ 33,638	\$ 33,638	\$ 33,638	\$ 37,375	\$ 37,375	\$ 37,375	\$ 37,375	\$ 37,375	\$ 426,075
<i>Other Legal Services</i>	\$ 20,000	\$ 10,000	\$ 5,000	\$ 5,000	\$ 2,500	\$ 2,500	\$ 37,375	\$ 37,375	\$ 37,375	\$ 37,375	\$ 37,375	\$ 37,375	\$ 269,250
<i>Computers, Software & Services</i>	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 2,500	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 43,125
<i>Office Lease</i>	\$ 10,963	\$ 10,963	\$ 10,963	\$ 10,963	\$ 10,963	\$ 10,963	\$ 10,963	\$ 10,963	\$ 10,963	\$ 10,963	\$ 10,963	\$ 10,963	\$ 131,560
<i>Marketing Video & Materials</i>	\$ 23,438	\$ 23,438	\$ 23,438	\$ 23,438	\$ 23,438	\$ 23,438	\$ 23,438	\$ 23,438	\$ 23,438	\$ 23,438	\$ 23,438	\$ 23,438	\$ 281,250
<i>Miscellaneous</i>	\$ 11,641	\$ 10,641	\$ 10,141	\$ 10,141	\$ 9,891	\$ 9,891	\$ 14,591	\$ 14,591	\$ 14,591	\$ 14,591	\$ 14,591	\$ 14,591	\$ 149,892
<i>Accounting Support</i>	\$ 18,688	\$ 18,688	\$ 18,688	\$ 18,688	\$ 18,688	\$ 18,688	\$ 18,688	\$ 18,688	\$ 18,688	\$ 18,688	\$ 18,688	\$ 18,688	\$ 224,250
<i>Phone & Insurance Office</i>	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 2,600	\$ 21,600
<i>Insurance</i>	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 1,000	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 34,125
<i>Advertising</i>	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 56,250
<i>Printing</i>	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 500	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 1,406	\$ 11,438
Total G&A Expenses	\$ 389,805	\$ 378,805	\$ 373,305	\$ 373,305	\$ 146,310	\$ 146,310	\$ 384,873	\$ 384,873	\$ 384,873	\$ 384,873	\$ 384,873	\$ 384,873	\$ 4,117,075
EBITDA	\$ 412,070	\$ 772,987	\$ 1,128,404	\$ 1,478,320	\$ 2,055,232	\$ 2,405,149	\$ 2,516,502	\$ 2,866,419	\$ 3,216,336	\$ 3,566,252	\$ 3,916,169	\$ 3,916,169	\$ 28,250,009

	Pro Forma - Monthly P&L												
	Month 13	Month 14	Month 15	Month 16	Month 17	Month 18	Month 19	Month 20	Month 21	Month 22	Month 23	Month 24	Period Totals
Annual													
Revenues													
Number Remediation Units	25	35	45	55	65	75	85	95	105	115	125	125	125
Bbl's Water Processing	937,500	1,312,500	1,687,500	2,062,500	2,437,500	2,812,500	3,187,500	3,562,500	3,937,500	4,312,500	4,687,500	4,687,500	35,625,000
Revenue Water Processing	\$ 4,687,500	\$ 6,562,500	\$ 8,437,500	\$ 10,312,500	\$ 12,187,500	\$ 14,062,500	\$ 15,937,500	\$ 17,812,500	\$ 19,687,500	\$ 21,562,500	\$ 23,437,500	\$ 23,437,500	\$ 178,125,000
Number of Devices In Production	25	35	45	55	65	75	85	95	105	115	125	125	125
Total Services Revenue	\$ 4,687,500	\$ 6,562,500	\$ 8,437,500	\$ 10,312,500	\$ 12,187,500	\$ 14,062,500	\$ 15,937,500	\$ 17,812,500	\$ 19,687,500	\$ 21,562,500	\$ 23,437,500	\$ 23,437,500	\$ 178,125,000
Direct Operating Expenses													
MRO	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 156,250	\$ 1,875,000
Field Operations	\$ 937,500	\$ 937,500	\$ 937,500	\$ 937,500	\$ 937,500	\$ 937,500	\$ 937,500	\$ 937,500	\$ 937,500	\$ 937,500	\$ 937,500	\$ 937,500	\$ 11,250,000
Logistics	\$ 416,667	\$ 583,333	\$ 750,000	\$ 916,667	\$ 1,083,333	\$ 1,250,000	\$ 1,416,667	\$ 1,583,333	\$ 1,750,000	\$ 1,916,667	\$ 2,083,333	\$ 2,083,333	\$ 15,833,333
Fuel Services	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 625,000	\$ 7,500,000
Royalties	\$ 468,750	\$ 656,250	\$ 843,750	\$ 1,031,250	\$ 1,218,750	\$ 1,406,250	\$ 1,593,750	\$ 1,781,250	\$ 1,968,750	\$ 2,156,250	\$ 2,343,750	\$ 2,343,750	\$ 17,812,500
Total Direct Operating Expenses	\$ 2,604,167	\$ 2,958,333	\$ 3,312,500	\$ 3,666,667	\$ 4,020,833	\$ 4,375,000	\$ 4,729,167	\$ 5,083,333	\$ 5,437,500	\$ 5,791,667	\$ 6,145,833	\$ 6,145,833	\$ 54,270,833
Gross Operating Margin	\$ 2,083,333	\$ 3,604,167	\$ 5,125,000	\$ 6,645,833	\$ 8,166,667	\$ 9,687,500	\$ 11,208,333	\$ 12,729,167	\$ 14,250,000	\$ 15,770,833	\$ 17,291,667	\$ 17,291,667	\$ 123,854,167
Other Revenues - Hydrocarbon Recovery	\$ 843,750	\$ 1,181,250	\$ 1,518,750	\$ 1,856,250	\$ 2,193,750	\$ 2,531,250	\$ 2,868,750	\$ 3,206,250	\$ 3,543,750	\$ 3,881,250	\$ 4,218,750	\$ 4,218,750	\$ 32,062,500
Royalties on Hydrocarbons	\$ 84,375.00	\$ 118,125.00	\$ 151,875.00	\$ 185,625.00	\$ 219,375.00	\$ 253,125.00	\$ 286,875.00	\$ 320,625.00	\$ 354,375.00	\$ 388,125.00	\$ 421,875.00	\$ 421,875.00	\$ 3,206,250
Net Operating Margin	\$ 2,842,708	\$ 4,667,292	\$ 6,491,875	\$ 8,316,458	\$ 10,141,042	\$ 11,965,625	\$ 13,790,208	\$ 15,614,792	\$ 17,439,375	\$ 19,263,958	\$ 21,088,542	\$ 21,088,542	\$ 152,710,417
G&A Expenses													
Salaries & Benefits	\$ 314,525	\$ 314,525	\$ 314,525	\$ 314,525	\$ 314,525	\$ 314,525	\$ 314,525	\$ 314,525	\$ 314,525	\$ 314,525	\$ 314,525	\$ 314,525	\$ 3,774,300
Field Operatons Supplies	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 2,250,000
Travel & Lodging	\$ 52,421	\$ 52,421	\$ 52,421	\$ 52,421	\$ 52,421	\$ 52,421	\$ 52,421	\$ 52,421	\$ 52,421	\$ 52,421	\$ 52,421	\$ 52,421	\$ 629,050
Other Legal Services	\$ 6,553	\$ 6,553	\$ 6,553	\$ 6,553	\$ 6,553	\$ 6,553	\$ 6,553	\$ 6,553	\$ 6,553	\$ 6,553	\$ 6,553	\$ 6,553	\$ 78,631
Computers, Software & Services	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 843,750
Office Lease	\$ 16,445	\$ 16,445	\$ 16,445	\$ 16,445	\$ 16,445	\$ 16,445	\$ 16,445	\$ 16,445	\$ 16,445	\$ 16,445	\$ 16,445	\$ 16,445	\$ 197,340
Marketing Video & Materials	\$ 117,188	\$ 117,188	\$ 117,188	\$ 117,188	\$ 117,188	\$ 117,188	\$ 117,188	\$ 117,188	\$ 117,188	\$ 117,188	\$ 117,188	\$ 117,188	\$ 1,406,250
Miscellaneous	\$ 58,930	\$ 58,930	\$ 58,930	\$ 58,930	\$ 58,930	\$ 58,930	\$ 58,930	\$ 58,930	\$ 58,930	\$ 58,930	\$ 58,930	\$ 58,930	\$ 707,158
Accounting Support	\$ 13,105	\$ 13,105	\$ 13,105	\$ 13,105	\$ 13,105	\$ 13,105	\$ 13,105	\$ 13,105	\$ 13,105	\$ 13,105	\$ 13,105	\$ 13,105	\$ 157,263
Phone & Insurance Office	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 3,900	\$ 46,800
Insurance	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 4,688	\$ 56,250
Advertising	\$ 234,375	\$ 234,375	\$ 234,375	\$ 234,375	\$ 234,375	\$ 234,375	\$ 234,375	\$ 234,375	\$ 234,375	\$ 234,375	\$ 234,375	\$ 234,375	\$ 2,812,500
Printing	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 70,313	\$ 843,750
Total G&A Expenses	\$ 1,150,254	\$ 1,150,254	\$ 1,150,254	\$ 1,150,254	\$ 1,150,254	\$ 1,150,254	\$ 1,150,254	\$ 1,150,254	\$ 1,150,254	\$ 1,150,254	\$ 1,150,254	\$ 1,150,254	\$ 13,803,042
EBITDA	\$ 1,692,455	\$ 3,517,038	\$ 5,341,621	\$ 7,166,205	\$ 8,990,788	\$ 10,815,371	\$ 12,639,955	\$ 14,464,538	\$ 16,289,121	\$ 18,113,705	\$ 19,938,288	\$ 19,938,288	\$ 138,907,375

	Pro Forma - Monthly P&L												
	Month 25	Month 26	Month 27	Month 28	Month 29	Month 30	Month 31	Month 32	Month 33	Month 34	Month 35	Month 36	Period Totals
Annual													
Revenues													
Number Remediation Units	125	135	145	155	165	175	185	195	200	200	200	200	200
Bbl's Water Processing	4,687,500	5,062,500	5,437,500	5,812,500	6,187,500	6,562,500	6,937,500	7,312,500	7,500,000	7,500,000	7,500,000	7,500,000	78,000,000
Revenue Water Processing	\$ 23,437,500	\$ 25,312,500	\$ 27,187,500	\$ 29,062,500	\$ 30,937,500	\$ 32,812,500	\$ 34,687,500	\$ 36,562,500	\$ 37,500,000	\$ 37,500,000	\$ 37,500,000	\$ 37,500,000	\$ 390,000,000
Number of Devices In Production	125	135	145	155	165	175	185	195	200	200	200	200	200
Total Services Revenue	\$ 23,437,500	\$ 25,312,500	\$ 27,187,500	\$ 29,062,500	\$ 30,937,500	\$ 32,812,500	\$ 34,687,500	\$ 36,562,500	\$ 37,500,000	\$ 37,500,000	\$ 37,500,000	\$ 37,500,000	\$ 390,000,000
Direct Operating Expenses													
MRO	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 250,000	\$ 3,000,000
Field Operations	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 1,500,000	\$ 18,000,000
Logistics	\$ 3,333,333	\$ 3,333,333	\$ 3,333,333	\$ 3,333,333	\$ 3,333,333	\$ 3,333,333	\$ 3,333,333	\$ 3,333,333	\$ 3,333,333	\$ 3,333,333	\$ 3,333,333	\$ 3,333,333	\$ 40,000,000
Fuel Services	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 1,000,000	\$ 12,000,000
Royalties	\$ 2,343,750	\$ 2,531,250	\$ 2,718,750	\$ 2,906,250	\$ 3,093,750	\$ 3,281,250	\$ 3,468,750	\$ 3,656,250	\$ 3,750,000	\$ 3,750,000	\$ 3,750,000	\$ 3,750,000	\$ 39,000,000
Total Direct Operating Expenses	\$ 8,427,083	\$ 8,614,583	\$ 8,802,083	\$ 8,989,583	\$ 9,177,083	\$ 9,364,583	\$ 9,552,083	\$ 9,739,583	\$ 9,833,333	\$ 9,833,333	\$ 9,833,333	\$ 9,833,333	\$ 112,000,000
Gross Operating Margin	\$ 15,010,417	\$ 16,697,917	\$ 18,385,417	\$ 20,072,917	\$ 21,760,417	\$ 23,447,917	\$ 25,135,417	\$ 26,822,917	\$ 27,666,667	\$ 27,666,667	\$ 27,666,667	\$ 27,666,667	\$ 278,000,000
Other Revenues - Hydrocarbon Recovery	\$ 4,218,750	\$ 4,556,250	\$ 4,893,750	\$ 5,231,250	\$ 5,568,750	\$ 5,906,250	\$ 6,243,750	\$ 6,581,250	\$ 6,750,000	\$ 6,750,000	\$ 6,750,000	\$ 6,750,000	\$ 70,200,000
Royalties on Hydrocarbons	\$ 421,875.00	\$ 455,625.00	\$ 489,375.00	\$ 523,125.00	\$ 556,875.00	\$ 590,625.00	\$ 624,375.00	\$ 658,125.00	\$ 675,000.00	\$ 675,000.00	\$ 675,000.00	\$ 675,000.00	\$ 7,020,000
Net Operating Margin	\$ 18,807,292	\$ 20,798,542	\$ 22,789,792	\$ 24,781,042	\$ 26,772,292	\$ 28,763,542	\$ 30,754,792	\$ 32,746,042	\$ 33,741,667	\$ 33,741,667	\$ 33,741,667	\$ 33,741,667	\$ 341,180,000
G&A Expenses													
Salaries & Benefits	\$ 420,900	\$ 420,900	\$ 420,900	\$ 420,900	\$ 420,900	\$ 420,900	\$ 420,900	\$ 420,900	\$ 420,900	\$ 420,900	\$ 420,900	\$ 420,900	\$ 5,050,800
Field Operatons Supplies	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 300,000	\$ 3,600,000
Travel & Lodging	\$ 70,150	\$ 70,150	\$ 70,150	\$ 70,150	\$ 70,150	\$ 70,150	\$ 70,150	\$ 70,150	\$ 70,150	\$ 70,150	\$ 70,150	\$ 70,150	\$ 841,800
Other Legal Services	\$ 8,769	\$ 8,769	\$ 8,769	\$ 8,769	\$ 8,769	\$ 8,769	\$ 8,769	\$ 8,769	\$ 8,769	\$ 8,769	\$ 8,769	\$ 8,769	\$ 105,225
Computers, Software & Services	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 1,350,000
Office Lease	\$ 22,348	\$ 22,348	\$ 22,348	\$ 22,348	\$ 22,348	\$ 22,348	\$ 22,348	\$ 22,348	\$ 22,348	\$ 22,348	\$ 22,348	\$ 22,348	\$ 268,180
Marketing Video & Materials	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 187,500	\$ 2,250,000
Miscellaneous	\$ 94,910	\$ 94,910	\$ 94,910	\$ 94,910	\$ 165,499	\$ 165,499	\$ 165,499	\$ 165,499	\$ 165,499	\$ 165,499	\$ 165,499	\$ 165,499	\$ 1,703,633
Accounting Support	\$ 17,538	\$ 17,538	\$ 17,538	\$ 17,538	\$ 723,422	\$ 723,422	\$ 723,422	\$ 723,422	\$ 723,422	\$ 723,422	\$ 723,422	\$ 723,422	\$ 5,857,525
Phone & Insurance Office	\$ 5,300	\$ 5,300	\$ 5,300	\$ 5,300	\$ 5,300	\$ 5,300	\$ 5,300	\$ 5,300	\$ 5,300	\$ 5,300	\$ 5,300	\$ 5,300	\$ 63,600
Insurance	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 37,500	\$ 450,000
Advertising	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 375,000	\$ 4,500,000
Printing	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 112,500	\$ 1,350,000
Total G&A Expenses	\$ 1,764,915	\$ 1,764,915	\$ 1,764,915	\$ 1,764,915	\$ 2,541,388	\$ 2,541,388	\$ 2,541,388	\$ 2,541,388	\$ 2,541,388	\$ 2,541,388	\$ 2,541,388	\$ 2,541,388	\$ 27,390,763
EBITDA	\$ 17,042,377	\$ 19,033,627	\$ 21,024,877	\$ 23,016,127	\$ 24,230,904	\$ 26,222,154	\$ 28,213,404	\$ 30,204,654	\$ 31,200,279	\$ 31,200,279	\$ 31,200,279	\$ 31,200,279	\$ 313,789,237

START UP COSTS – SOURCE/USE OF FUNDS

	<i>Stub Year</i>			
	2015			
	<i>Pro-Forma Estimates</i>			
Source of Funds		\$ 9,000,000		
Use of Funds				
Salaries & Benefits			\$ 1,009,130	
Engineering			\$ 125,000	
Field Operations Supplies			\$ 90,000	
Field Operations Salaries & Benefits			\$ 142,500	
Travel & Lodging			\$ 127,823	
Legal Services			\$ 80,775	
Computers, Software & Services			\$ 12,938	
Office Lease - Executive Suites			\$ 39,468	
Marketing Video & Materials			\$ 84,375	
Miscellaneous			\$ 44,968	
Accounting Support			\$ 67,275	
Phone & Insurance Office			\$ 6,480	
Insurance			\$ 10,238	
Printing			\$ 11,438	
Sub Totals Expenses			\$ 1,852,406	
Production of FNP Units			\$ 3,900,000	
CAPEX for Unit Manufacturing			\$ 512,291	
CAPEX for Command Center			\$ 175,159	
CAPEX for Truck Services Center			\$ 193,617	
CAPEX Super Center (Field Operations)			\$ 2,186,140	
Additional Working Capital			\$ 180,388	
Totals		\$ 9,000,000		\$ 9,000,000

REV (2) June 21, 2017

KEY ASSUMPTIONS

Market Prices for Water Use & Treatment

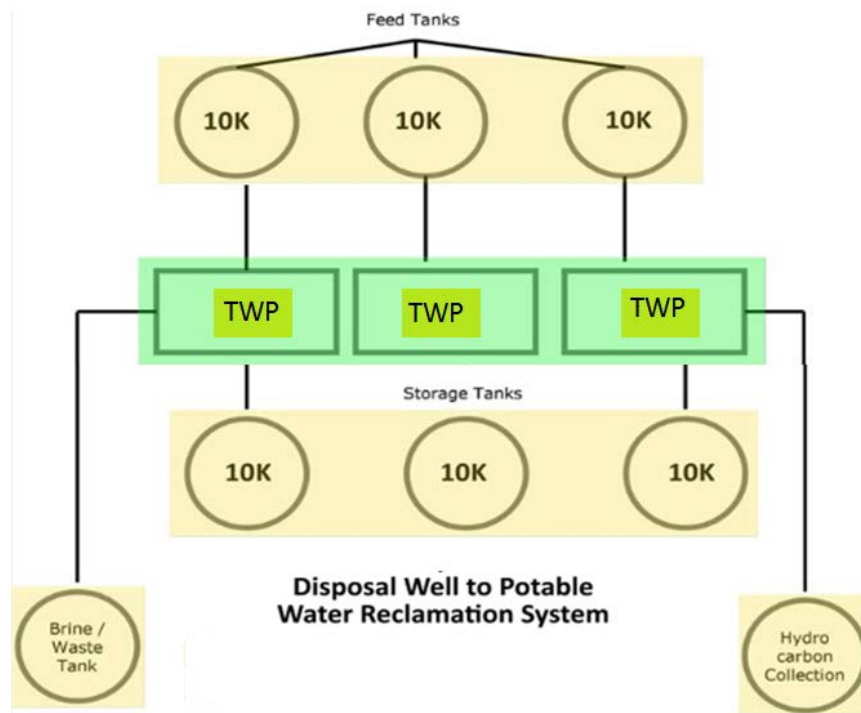
Source Data:	<u>Acquisition costs</u>	
	– \$0.25–\$0.75 raw water cost	
	– \$0.63–\$5.00 transportation costs	
	<u>Disposal costs</u>	
	– \$0.63–\$5.00 transportation	
	– \$0.50–\$1.00 disposal deep well injection	
	<u>Total costs</u>	
	– \$2.00–\$11.75/bbl	

Financial Model Assumptions

<i>Number of US Oil & Gas Wells</i>		<i>1,100,000</i>
<i>Average Gallons Per Well Annually</i>		<i>5,000,000</i>
<i>Produced Water Average Bbl Per Well Per Year</i>		<i>119,048</i>
<i>Average Processing Price Per Barrell</i>		<i>\$5.00</i>
<i>FNP Production Capacity Bbl/Per Day</i>		<i>1500</i>
<i>Device Production Per Year</i>		<i>450,000</i>
<i>Geography factor per device %</i>	<i>100%</i>	<i>450,000</i>
<i>Average Days in Production</i>		<i>300</i>
<i>Royalties</i>		<i>10%</i>
<i>Hydrocarbon Recovery</i>		<i>3.0%</i>
<i>Hydrocarbon Revenue Per Bbl</i>		<i>\$30.00</i>
<i>G&A Miscellaneous Factor (excludes pay & field ops)</i>		<i>10%</i>

REMEDATION CENTER DESIGN CONCEPT

Produced Water Remediation



REMEDATION CENTER BUDGET ITEMS	Item Detail	AGGREGATE
		COST
1. Water Storage Poly/Green Influent/Effluent		\$127,400
<i>Cost includes tank, structure, pipe fitting, and baffle/cleanout</i>		
8 10K Poly Storage Tanks @ \$9250 each	\$74,000	
Contractor Costs for Installation & Fit-out	\$53,400	
2. Site Development and Installation		\$275,000
<i>Cost includes land development, pad, lagoons, spill berm</i>		
Land Development	\$50,000	
Pad Preparation and Concrete Work	\$125,000	
Lagoons & Spill Berm	\$25,000	
Contractor Labor	\$75,000	
3. Fisk Neptune Processor System and Head Works at 10,000 Bbl/Day	9	\$1,350,000
<i>Cost includes design, documentation, system engineering, programming, assembly, 40" container</i>	\$150,000	
5. Miscellaneous - Head works, Dose Tanks, Vortex/Centrifuge, Plumbers, Welders, Pipefitters		\$150,000
Contractor Labor @ 2500 Hours	\$92,500	
Materials	\$57,500	
6. Project Management, Documentation, Operational/Emergency Documents		\$85,000
7. Miscellaneous Expenses & Project Contingency @ 10% of Project Cost		\$198,740
<i>Contingency Based on Unforseen Project Complexity</i>	10% of Project	
TOTAL PROJECT COSTING		<u>\$2,186,140</u>

COMMAND CENTER BUDGET

[illegible]

MANUFACTURING FACILITY BUDGET

Item	Units	Price	Total
The facility will consist of the following:			
Forklift (25K Lbs. Lift)	2	\$ 24,500	\$ 49,000
Bobcat Welding Machine	20	\$ 4,000	\$ 80,000
Heavy Dut Drill Press	2	\$ 13,900	\$ 27,800
Brake Press	2	\$ 325	\$ 650
Water Laser Jet	1	\$ 98,995	\$ 98,995
Assorted Tools	1	\$ 5,000	\$ 5,000
Overhead Crane	1	\$ 14,200	\$ 14,200
Plasma Cutter	5	\$ 569	\$ 2,845
Steel Pipe Racks	10	\$ 250	\$ 2,500
Stainless Racks	10	\$ 500	\$ 5,000
Steel Racks	10	\$ 250	\$ 2,500
CNC Mill	1	\$ 3,950	\$ 3,950
Plate Roller	1	\$ 5,995	\$ 5,995
Sheet Metal Shear	1	\$ 2,185	\$ 2,185
Tubing Bender	1	\$ 2,099	\$ 2,099
Bead Blast Paint & Prep Booth (20x60)	4	\$ 29,000	\$ 116,000
Electrostatic Oven - Paint	1	\$ 7,000	\$ 7,000
Locked Room - Specialty Metals	1	\$ 5,000	\$ 5,000
Burn Table	1	\$ 35,000	\$ 35,000
SUB TOTAL DIRECT COSTS			\$ 465,719
With Miscellaneous Variance		10%	\$ 512,291

TRUCK CENTER MAINTENANCE BUDGET

Item	Units	Price	Total
The facility will consist of the following:			
Truck Lift	2	\$ 27,000	\$ 54,000
Tires	20	\$ 250	\$ 5,000
Oil	2	\$ 569	\$ 1,138
Rims	20	\$ 50	\$ 1,000
Parts Inventory	1	\$ 5,000	\$ 5,000
Computers	3	\$ 1,999	\$ 5,997
Desks	3	\$ 760	\$ 2,280
Air Tools	5	\$ 120	\$ 600
Service Truck	1	\$ 64,000	\$ 64,000
Tire Changing Equipment	1	\$ 32,000	\$ 32,000
Truck Maintenance Software	1	\$ 5,000	\$ 5,000
<i>SUB TOTAL DIRECT COSTS</i>			<i>\$ 176,015</i>
<i>With Miscellaneous Variance</i>		<i>10%</i>	<i>\$ 193,617</i>

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