



# An ESG Focused Clean Technology Company

*Corporate Presentation – October 2021*

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# Redefining Wastewater treatment through patented Waste heat powered technology

*Meeting the demand for socially responsible technology today*

# Company Overview



Cleantek is an innovative provider of patented, clean technology solutions focused on reducing both cost and carbon intensity in the wastewater management sector across North America

TSX-V Symbol: CTEK



## Waste Water Handling Division ("ZeroE")



Revolutionary **waste heat to power** solution for gas processing facilities that significantly reduces water disposal costs by treating and **dehydrating waste water** on site



Patented ZeroE technology significantly reduces the carbon footprint, emissions of particulates and **treats over 10 million litres** of water per system annually



## Lighting Division



Variety of **solar hybrid powered** lighting solutions that serve a number of industries across North America



Provides **operating cash** flow and geographic breadth to support dehydration growth

# Who We Are

Develop products with strong barriers to entry with an active patent portfolio and first mover advantage

Provide commercial benefits to our clients through all product lines



Make a positive impact to the environment through the responsible development of clean technology solutions

**We strive to improve the communities we work in and the lives of the people within**

# Corporate Highlights



Patented, Clean  
Technology Solutions



Strong & Diverse  
Customer Base



High Margin, Recurring  
Revenue Model



Experienced, Connected  
Management & Board



# Leadership & Governance

## Management Team



**Matt Gowanlock**

*President & Chief Executive Officer*

- Co-Founder and former CEO of Apollo Energy Services
- Former President of Streamline Energy Services, GM at Filterboxx Water & Environmental, Director of Field Ops. at Genalta Power and President of Aithra Projects
- Holds a Master Electrician Diploma from NAIT



**Orson Ross**

*Chief Financial Officer*

- Seasoned CPA, CA finance leader with a diverse background in public company reporting, extensive treasury and capital markets experience
- Formerly served as VP of Finance for several publicly traded corporations most recently the Dexterra Group Inc. DTX.TO (Formerly Horizon North Logistics Inc. HNL.TO) and Source Energy Services (SHLE.TO).



**Rick McHardy**

*Chairman<sup>1</sup>*

- Founder of several public oil and gas companies and has extensive experience in leadership roles. President, CEO, director of Spartan Energy, Spartan Oil and Spartan Exploration.
- Currently Executive Chairman of Spartan Delta Corp.
- Board member, corporate secretary to several other public/private companies. Previously partner at national law firms, where he practiced securities and corporate law. 24+ years in all aspects of securities and mergers and acquisitions



**Reginald Greenslade**

*Director<sup>1,3</sup>*

- Former director, committee member of public issuers, including Spartan Energy, Spartan Oil and Spartan Exploration
- Has held numerous executive roles including Chairman, President, CEO of Big Horn Resources Ltd., Enterra Energy Corp., Enterra Energy Trust, JED Oil Inc. and as President and a director of Tuscany International Drilling Inc



**Phillip Knoll**

*Director<sup>1,3</sup>*

- 35 years of experience in the energy sector, primarily related to energy infrastructure and the natural gas value chain
- Director at AltaGas; formerly served as interim-CEO of AltaGas and former CEO of Corridor Resources



**Al Stark**

*Director<sup>2</sup>*

- Founder, VP Ops of Spartan. Founder, VP Ops of Spartan Oil, Spartan Exploration through to successful sales
- Founder, V.P. Engineering and Ops and COO of Titan Exploration Ltd. until acquisition by Cantetic Resources Trust.



**Paul Colucci**

*Director<sup>2,3</sup>*

- Co-Founder of PillarFour Capital, a private investment fund focused on technology investments that enhance sustainability and reduce carbon intensity in oilfield operations
- Sits on the board of a number of private companies 20 years investing and advising in the global energy and technology sectors



**Chris Lewis**

*Director<sup>2</sup>*

- Current VP of Smart Energy Water, provider of SaaS cloud solutions to energy, water and gas providers
- Former COO of Attabotics; currently sits on the Advisory Board for PillarFour Capital and The Popular Company

## Board of Directors

<sup>1</sup> Member of the Governance Committee

<sup>2</sup> Member of the Compensation Committee

<sup>3</sup> Member of the Audit Committee



*Leading Hydro sustainability  
through technology*

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**ZeroE Technology**



# ZeroE Commercial Technology



ZeroE is a waste heat to power solution for gas processing facilities and drilling rigs that significantly reduces water disposal costs by treating and dehydrating wastewater on site



Cleantek's patented ZeroE emission reduction technology is positioned for major expansion and scale up across the industry

2017

2018 / 19

2020

2021 --->

## Platform Phase

Built and deployed 30+ ZeroE units for the drilling market

## Pilot / R&D Phase

Tested ZeroE pilot unit on gas plant and signed contract with major E&P co.

## Commercial Phase

First commercial gas processing unit operational September 2020

## Growth Phase

Scale up with additional units to expand across North America



ZeroE Drilling Dehydration Unit



Pilot Demonstration ZeroE Unit



Commercial ZeroE Install

# ZeroE – Technology & Intellectual Property



Cleantek has invested over \$10mm on research, development and capital assets for the proven, patented ZeroE technology



Cleantek's patented technology is a bolt-on solution that separates waste concentrate and brine from water at point-of creation

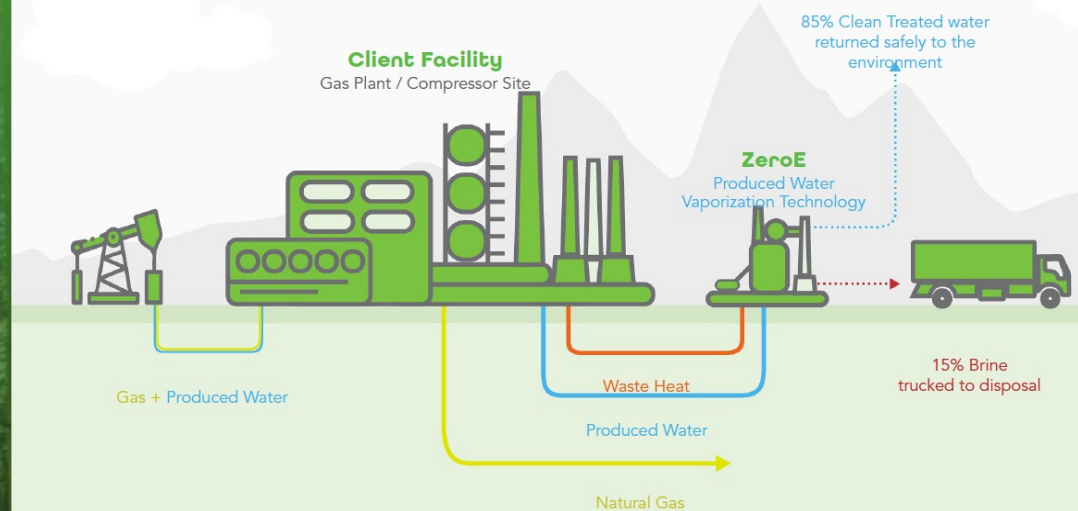


Harnesses the waste heat from engine exhaust to facilitate the evaporation of clean water to atmosphere



Scrubs and traps un-combusted chemicals and particulate matter from engine exhaust, in the concentrated waste left for disposal

## ZeroE Process Flow



## Cost Pressure On Trucking Drives Increased Disposal Costs



Rapidly rising trucking costs are translating to higher water disposal costs



Primary factors include rising fuel costs (in part due to carbon taxation), as well as rising labour costs



Prohibitively expensive insurance for drivers under 25 severely impacting labour supply



Significant policy risk layers additional potential price pressure on industrial water use and disposal costs

# Wastewater Disposal Economics



E&P wastewater disposal costs consist of both trucking and disposal costs (via salt water disposal wells)



Regions with few disposal wells have higher costs due to longer journeys and higher \$/bbl disposal costs (driven by supply/demand)

## Trucking Costs<sup>1</sup>

- Can range from \$6.30-\$7.50/m<sup>3</sup> per hour
- Many producers in W5 area (Montney) have a 4–6 hour round trip when including wait times (**\$25-\$45/m<sup>3</sup>**)
- Inflationary pressure from tight labor market, rising fuel costs (oil prices; carbon taxes) adding to overall costs



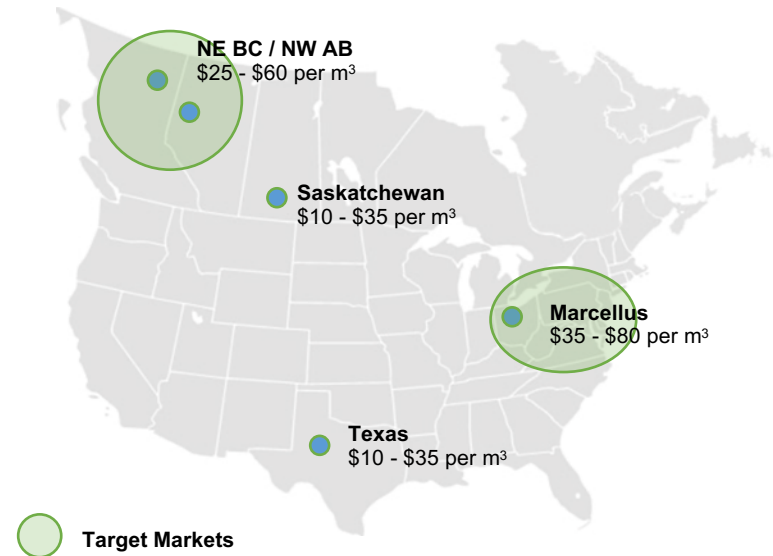
## Disposal Costs<sup>1</sup>

- Vary depending on location (supply/demand) and salinity of wastewater; ranges from **\$10 - \$25/m<sup>3</sup>**

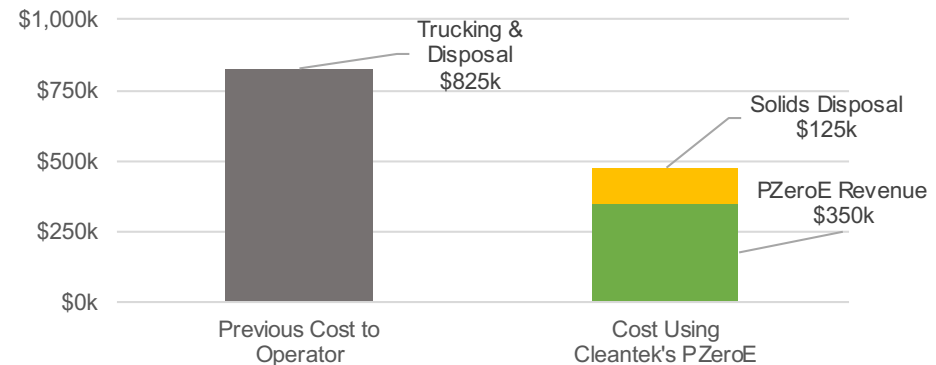


<sup>1</sup> Per management estimates and published industry data

## Total Trucking & Disposal Costs – North America



## ZeroE Unit #1 Annual Costs Comparison<sup>1</sup>



<sup>1</sup> Based on unit economics per Producer

# PZeroE – Value Proposition



## Economic Value to the Client

- Zero upfront capital costs for the client
- Only pays Cleantek based on volume of water vaporized (with minimum volume commitments)
- Water disposal cost savings of over \$3.0mm per unit over the life of the contract<sup>1</sup>



## ESG Benefits for the Client

- Eliminates over 350 trucks per year off local roadways (per unit); reducing client's carbon footprint by over 200 Tons per year and improving safety
- Waste Heat capture and facility exhaust scrubbing inherent to the system, further reducing emissions
- Treats and recycles over 10 million liters of water to the natural hydrologic cycle each year per system; ability to recondense the steam for use on new projects
- Reduced off-site CO2 emissions that otherwise occur at injection well facility

<sup>1</sup>Based off current contracted PZeroE facility

## ESG Benefits



Reduced Carbon Emissions



People Employed



Waste Heat to Power



Water Safely Vaporized



Trucks Off Road

# Our Market – Anticipated Adoption



**North American Market:** There are over 400 active gas plants in the W5 region of Alberta and B.C., representing \$160mm of potential high margin (90%), recurring annual rental income, and the U.S. produces >5x more natural gas than Canada



**Early Adopters:** Producers with total disposal costs >\$30/m<sup>3</sup>. Strong buy-in from clients given zero upfront costs, opex reduction and reduced environmental footprint. NW Alberta / NE BC, Pennsylvania / Ohio (Marcellus/Utica) and Europe.



**Cost Certainty / ESG Accretive:** Producers with total disposal costs of \$25 - \$30/m<sup>3</sup>; cost competitive with existing disposal practices, reducing environmental footprint and improving safety. ZeroE also offers cost certainty, uninterrupted field operations.



**Policy Risk Adoption:** Wastewater disposal is subject to considerable policy risk which could unlock opportunities that are not currently cost competitive.

- Oklahoma mandated an immediate 40% reduction in wastewater disposal in 2015 due to sharp increase in earthquakes<sup>1</sup>

<sup>1</sup> <https://www.reuters.com/article/us-oil-quakes-oklahoma-idUSKCN0Q91GJ20150804>

# ZeroE Overview – Drilling Rig Applications



The DZeroE is the company's proven water dehydration drilling rig application, reducing wastewater volume on drilling rigs at the point-of-creation



Reduces monthly transport & disposal fees with a 95% reduction in wastewater



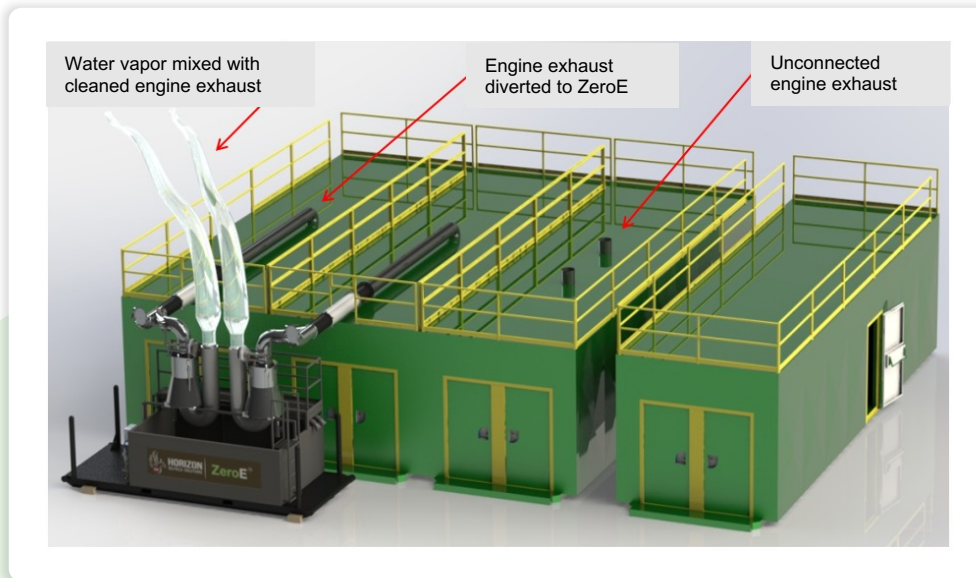
ZERO fuel consumption: Powered by waste heat from engine exhaust



Operations in Western Canada, Pennsylvania, Ohio, West Virginia and Texas with 35 units in its fleet



Strong interest in Marcellus shale play (Ohio, West Virginia, Pennsylvania) where disposal costs are twice that of Western Canada



# ZeroE – Growth Opportunities



## Growth Opportunities

Cleantek is undergoing several R&D expansion efforts on the ZeroE including:

- **Powered by Waste Heat**– Utilizing waste gas power source
- **Re-Condensing Water** – ability to recycle the water for other industrial uses
- **Sour Gas Application** – ability to process and dehydrate water at sour gas plants



## Industry Diversification

Cleantek is in the process of expanding the use of the ZeroE technology into other industries including:

- Mines and Quarries
- Pulp and Paper Industry
- Organic Chemicals Manufacturing
- Battery Manufacturing

# Lighting Division Overview



Cleantek's lighting division consists of the company's HALO lighting and SolarHybrid lighting systems



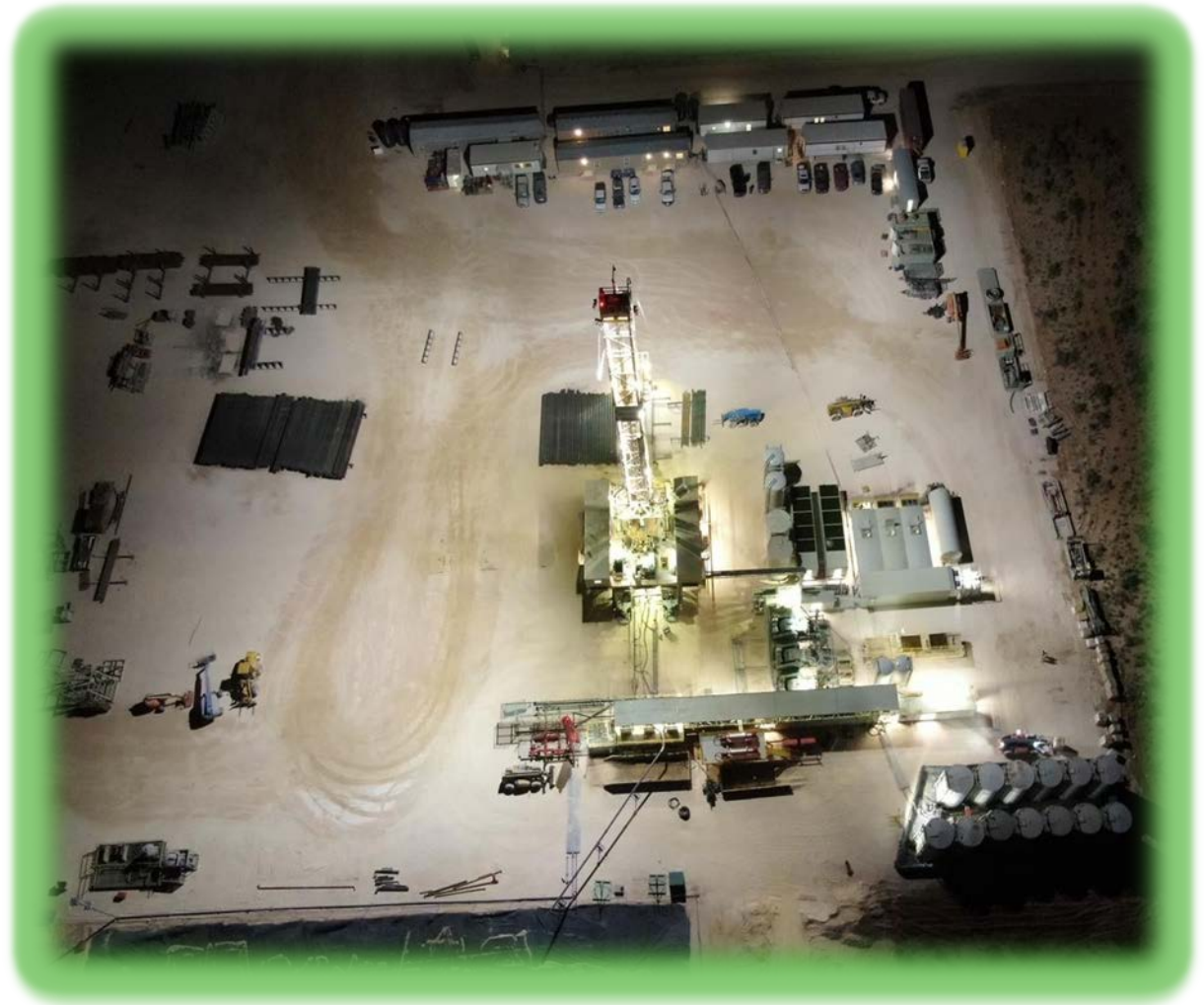
Operations span Western Canada, Pennsylvania, Ohio, West Virginia, Oklahoma, Louisiana, New Mexico and Texas



HALO estimated market share of 20% in Canada and 15% in the U.S.



Patented proprietary LED and solar lighting systems





# HALO Lighting Overview



## HALO Overview

- The “standard” in rig lighting with over 100+ units in the fleet
- High quality fleet with expected 10-15 year life with regular maintenance
- Signed co-marketing agreements with “top five” drilling rig contractors and numerous other co-marketing agreements are currently under negotiation

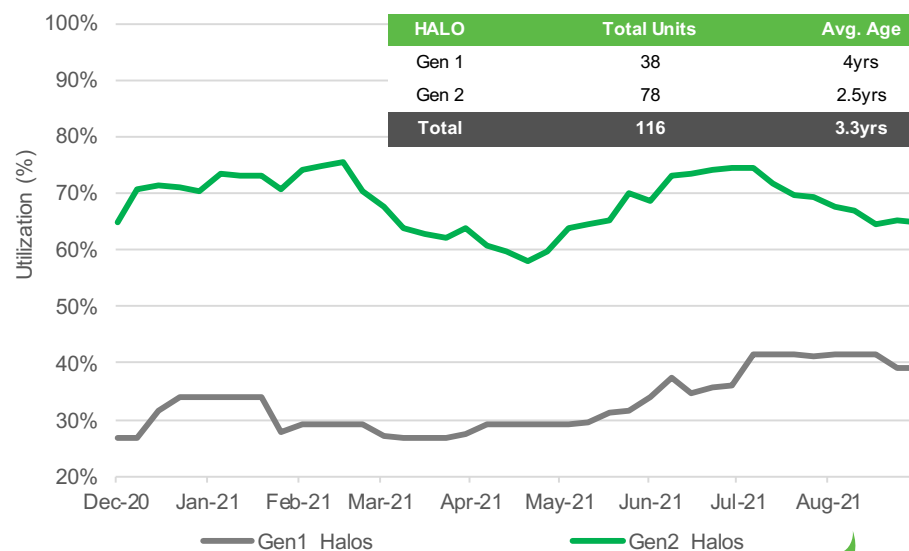


## ESG Benefits

- High Intensity light, everywhere (LED)
- Drastic safety improvement; no dark spots
- Low fuel cost (powered by rig)
- Automated operation
- No light pollution



## Historical and Current Utilization<sup>1</sup>



<sup>1</sup> As at September 24, 2021

# SolarHybrid Lighting Overview



## SolarHybrid Lighting

- Cleantek has over 200 Light Tower units with a variety of configurations for various customer needs
- Patented SolarHybrid Lighting product provides customers with 90% Fuel Reduction, 80% Reduced Maintenance Costs, Powerful LED solution, Automation and GPS “find me” feature
- The Company has a diverse revenue stream in the construction, agriculture and infrastructure industries
- Recently signed contract for 12+ units with major producer



## ESG Benefits

- Solar energy is a growing power source for global lighting industry
- GHG Impacts - Over 7,500 Tons of CO2 reduced annually<sup>1</sup>
- Translates into a savings >2.8 million liters of fuel usage annually<sup>1</sup>
- Improved air quality on construction projects located in/around local communities



# Raise Production RTO

Cleantek completed an \$10.75 million equity financing and concurrent RTO of Raise Production in the Summer of 2021

Raise has developed several downhole pump technologies for the oilfield, of which the commercial technologies have been licensed to a large Alberta based distributor

Raise's technology aligns with Cleantek's goals of investing in differentiated, sustainable technologies



**HARP™ Technology:** High Angle Reciprocating Pump utilizes high compression strokes to eliminate gas-locking, delivering increased efficiency with reduced rod and tubing wear.



**REAL™ Technology:** Raise Efficient Artificial Lift System is designed to increase production over the life of the well and minimize production declines optimize hydrocarbon mix prioritizing preferential recovery of oil



**HART™ Technology:** Horizontal Artificial Recovery Technology utilizes multiple pumps that can be run along the length of the horizontal section and retrieved without issue. Creates positive control of drawdown (on a uniform basis), maximizing contribution from entire length of lateral section of the well bore

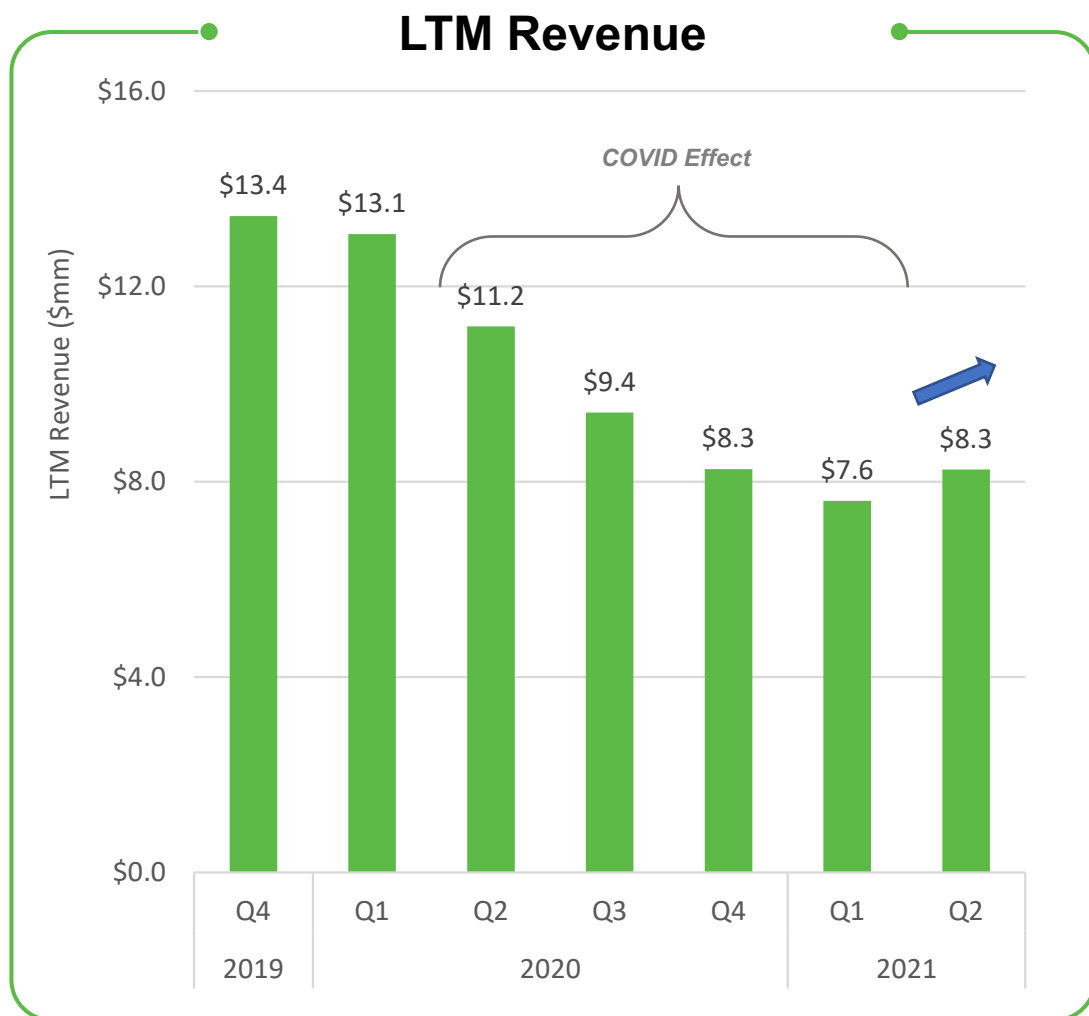




# Financial Overview

# Consolidated Financial Performance

Cleantek has a premium customer base resulting in steady activity through the downturn



### PZeroE Annual Recurring Revenue

Number of Units to be deployed <sup>2</sup>	10
Run Rate Revenue	\$3.5mm - \$5.0mm
PzeroE Capex per install	\$0.85mm
PzeroE Capex - cumulative	\$8.5mm

- Revenue was impacted by COVID starting in Q2 2020, and is returning to pre-pandemic levels with further growth expected with the PZeroE Roll out

<sup>2</sup> Based on the expected first 10 PZeroE units to be deployed

# Capitalization & Ownership



Raised \$10.75 million in equity at \$1.75 per unit – each unit consisting of 1 common share and 1 half purchase warrant at \$2.25/share



Refinanced outstanding debt with a term loan and operating facility of up to \$10 million in October 2021



Diversified and supportive shareholder base:

- PillarFour Capital – 27%
- Institutions – 20%
- Family Offices – 20%

## CLEANTEK Capitalization

Values shown in millions unless otherwise stated

Issue Price (\$/sh)	\$1.75
Basic Shares Outstanding	27.4
Fully Diluted Shares Outstanding <sup>1</sup>	28.0
<b>Market Capitalization</b>	<b>\$49.0</b>
Senior Debt <sup>2</sup>	\$10.0
Unsecured Debt <sup>3</sup>	\$2.0
<b>Total Debt</b>	<b>\$12.0</b>
Total Cash <sup>4</sup>	\$6.0
<b>Net Debt</b>	<b>\$6.0</b>
<b>Enterprise Value</b>	<b>\$55.0</b>

1) Calculated using treasury stock method; 1.9mm ITM options and warrants @ \$1.20

2) Includes credit term loan and operating line

3) Includes unsecured debt and capital lease obligations

4) Estimated at closing

# Investment Highlights



## Patented, Clean Technology Solutions

- Patented ZeroE technology utilizes waste heat to purify / evaporate wastewater back into the natural hydrological cycle, eliminating wastewater disposal / trucking
- Patented lighting solutions division (strong ESG benefits) provides stable revenue and cash flow to support scale up of wastewater division

## Experienced, Connected Management & Board

- Strong board sponsorship from Rick McHardy (Spartan Delta), Phillip Knoll (board member of Headwater, AltaGas), Paul Colucci (largest shareholder via Pillar Four)
- Management and board have deep industry experience and relationships (i.e. Filterboxx, Dexterra)

## Strong & Diverse Customer Base

- Diverse base of investment grade customers utilizing full suite of Cleantek offerings
- Largest gas producer in Western Canada is a strong sponsor of the ZeroE wastewater technology; utilized across drilling rigs and production facilities with plans for further implementation

## High Margin, Recurring Revenue Model

- Long term (8-10yr) agreements, clients pay based on water vaporized at below existing disposal cost, no up-front customer capex
- High margin (90%) rental income drives premium valuation multiple, stable long-term revenue/EBITDA outlook

## Well Capitalized

- Recently completed a go-public transaction through the reverse takeover of Raise Production Inc. (TSX.V:RPC) (“Raise”)
- Concurrent \$10.75 million equity and \$10.0 million term debt financing



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