



Leveraging Nanotechnology for Next Generation Desalination

Accelerating Time to Market for Advanced Water Technologies

June 8, 2010



Nanocomposite Reverse Osmosis Membranes



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High Flux with Requisite Salt Rejection
Fouling Resistance
Standard Module / Easy Retrofit
Same Production Cost

Addressing Market Challenges



- Navigate severely fragmented market in application and geography
- Generate volumes quickly to achieve positive gross margins
- Attract channel partners without limiting market opportunity
- Quell conservative customers' concerns over new technologies and sole sourcing
- Demonstrate both volumes and IRR to investors

Proper Market Segmentation



- Develop repeatable blueprint for quick market acceleration
- Understand target market, get granular and bottom-up

2010 SWRO Plant Inventory

Plant Size: Regions	<1k m3/d		1k to 10k m3/d		10k to 50k m3/d		>50k m3/d		Total	Total
	Plants	Elements	Plants	Elements	Plants	Elements	Plants	Elements	Plants	Elements
Asia	614	12,451	152	36,106	16	20,277	3	20,649	785	89,484
Australia	34	592	11	2,324	1	1,297	3	39,988	49	44,200
C. & S. America	154	4,794	72	11,909	8	15,167	1	4,038	235	35,907
Caribbean	190	5,643	105	26,893	6	10,774	1	9,240	302	52,550
China	32	946	89	23,443	12	23,777	2	16,150	135	64,315
Egypt	476	15,668	200	37,953	4	5,377	1	8,825	681	67,823
India	24	689	63	18,947	9	13,124	1	7,765	97	40,524
Israel	6	294	8	1,740	-	-	3	67,197	17	69,230
KSA	330	8,203	164	41,989	21	33,668	15	103,199	530	187,059
ME	306	9,091	150	38,913	38	65,843	8	69,160	502	183,006
Mediterranean	188	5,602	93	22,412	21	41,036	-	-	302	69,050
N. Africa	64	1,990	63	14,806	5	6,794	5	52,800	137	76,390
ROW	238	6,254	42	10,290	9	16,349	4	18,488	293	51,380
Spain	208	6,203	168	53,461	34	58,483	16	103,752	426	221,898
USA	108	3,325	56	13,034	20	32,445	5	31,997	189	80,800
Grand Total	2,972	81,743	1,433	354,219	204	344,410	68	553,246	4,677	1,333,619

Source: DesalData (GWI);

Accelerating Scale-Up



Pilot Coater

Limited capabilities, not commercial-production ready

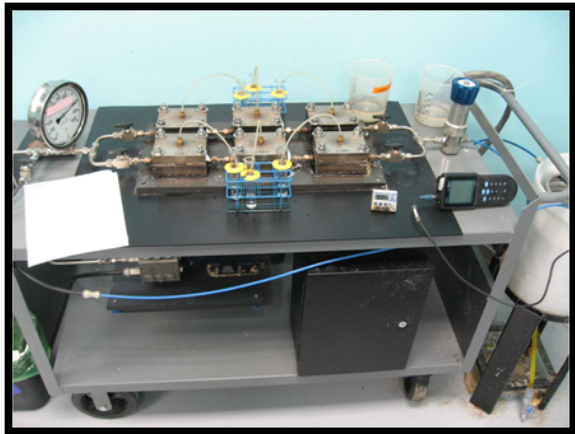
VS.



NanoH₂O Manufacturing Facility

Scalable from R&D to full commercial capacity

Commercial Demonstration in Parallel with R&D



Bench Testing



Prototype Testing

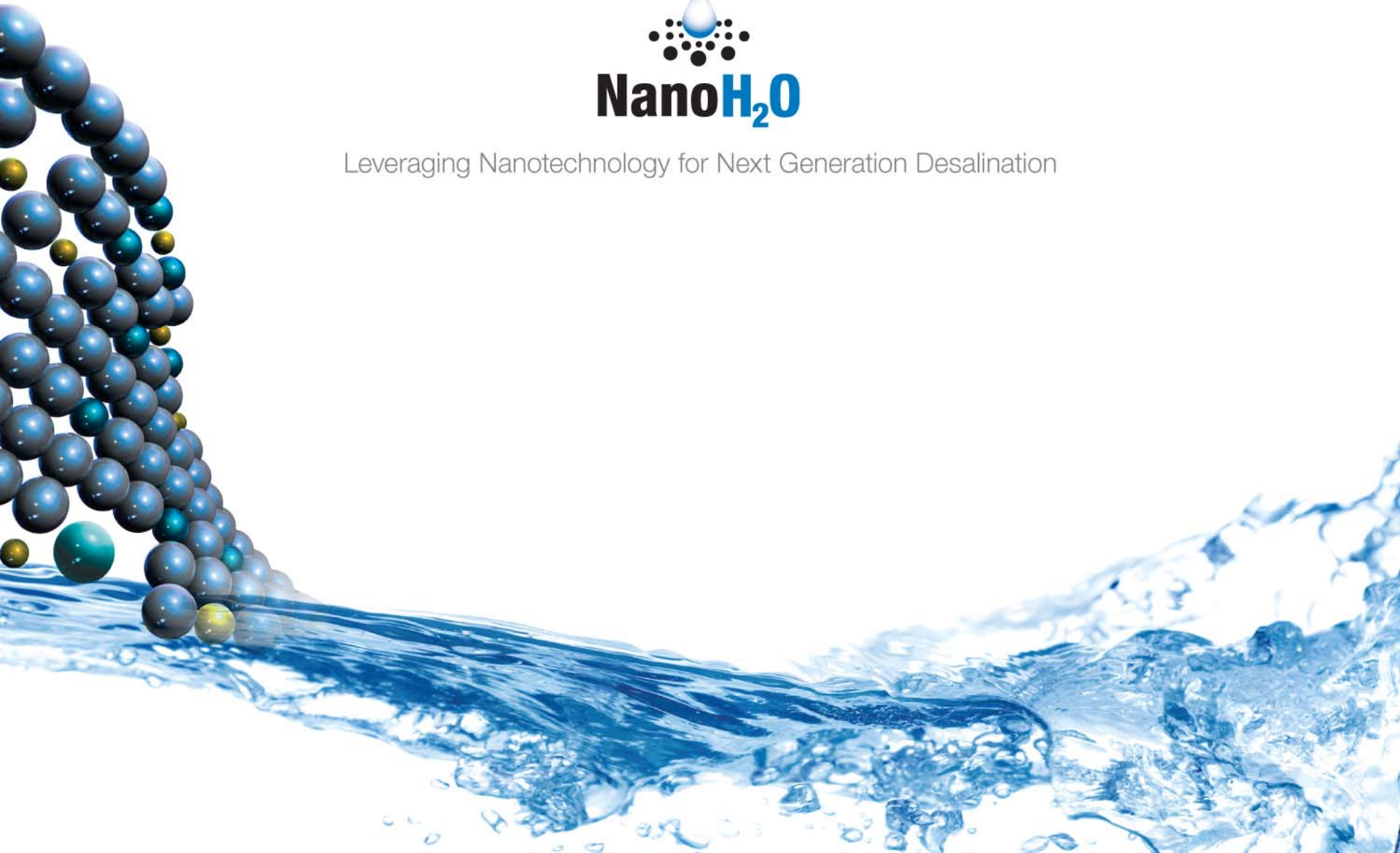


Commercial Testing



NanoH₂O

Leveraging Nanotechnology for Next Generation Desalination



De-Risking the Sale

- Finance trials
- Aggressive warranty
- Full failure protection
- Leverage customer service



Fundraising Strategy

- Shape strategy around acceleration into the market
- Understand stages of growth for proper funds / runway
- Tie growth stages to goals for managing company operations
- Evaluate investors ability for continued financial support



Summary

- Navigate severely fragmented market in application and geography
 - ***Proper market segmentation***

- Generate volumes quickly to achieve positive gross margins
 - ***Invest in commercial production ASAP***

- Attract channel partners without limiting market opportunity
 - ***Understand potential partner's capabilities***
 - ***Structure by geography, application, customer***

- Quell conservative customers' concerns over new technologies and sole sourcing
 - ***Recognize how they define 'demonstration'***
 - ***De-risk the sale***

- Demonstrate both volumes and IRR to investors
 - ***Acceleration works for the time value of money***