



## HyOx<sup>™</sup> in Combination with Wind or Photovoltaic Power NON-CONFIDENTIAL

**Introduction** – In 2001, the Company began development of new combustion engine technology, the Hydrogen & Oxygen Combustion Technology (HyOx<sup>™</sup>). The Company currently holds one issued and 3 pending patents WW on this technology and is seeking investment of \$17,000,000 to build prototypes for validation in four market sectors.

**Critical Market Needs** - Hydrocarbon and sulfur fueled power generation emits significant amounts of CO<sub>x</sub>, NO<sub>x</sub>, SO<sub>x</sub> and often mercury; these emissions are causing global environmental issues, a portion of which is global warming. As time progresses, global warming increasingly causes climatic events. In response, the power industry is developing wind and photovoltaic technologies. However, these technologies are most effective during limited periods, e.g. wind occurs mostly at night and sunshine occurs only during the day. Therefore, wind technologies require a means to store energy for use during the daylight hours and photovoltaic technologies require a means to store energy for use during the evening hours. This is while wind and photovoltaic technologies are each, in their own right, rather expensive. Therefore, the doubling of capacity for each to cover for the other is financially impractical.

**Answering Critical Market Needs** – HyOx<sup>™</sup> provides an effective and economical solution to the effectiveness limitations of both wind and photovoltaic power generation. HyOx<sup>™</sup> provides an effective and economical means to store energy for use when needed.

**Technology** – HyOx<sup>™</sup> is a proprietary technology for the combustion of pure hydrogen (H<sub>2</sub>) and pure oxygen (O<sub>2</sub>). HyOx<sup>™</sup> is also a technology for the creation of pure H<sub>2</sub> and pure O<sub>2</sub> from water using electrolysis. HyOx<sup>™</sup> provides the ability to create and store pure H<sub>2</sub> and pure O<sub>2</sub> from electrical power at near 85% efficiency. HyOx<sup>™</sup> provides the ability to combust pure H<sub>2</sub> and pure O<sub>2</sub> at near 60% efficiency. In combination, HyOx<sup>™</sup> provides the ability to store and generate electrical power at near 50% efficiency. HyOx<sup>™</sup> comprises no batteries, capacitors or salt transfer equipment.

A diagram of HyOx<sup>™</sup> in combination with wind or photovoltaic power generation is located on the next page.

**Management Team** – There are six (6) divisions in the parent Company: Combustion (HyOx<sup>™</sup>) is an independent operation with separate management, financing and operations. The President, CEO and Founder is the primary inventor. The COO has significant management experience with technology-oriented governmental and commercial sectors. The Prototyping Manager has been successful in one target market segment. The CFO has significant experience with financial systems, budgeting and corporate technologies

### Market and Marketing Strategy

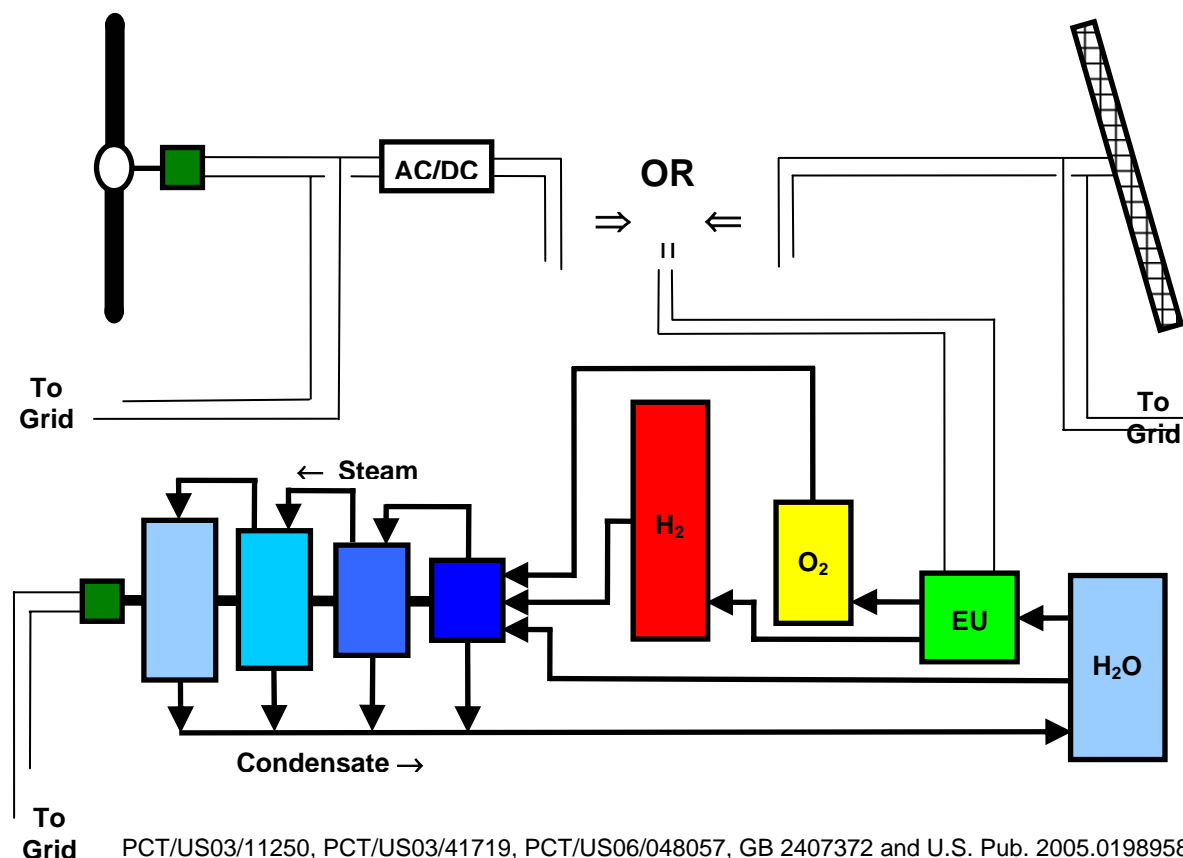
**Licensing** – HyOx<sup>™</sup> is to be licensed as: 1) significant industries are already in place within each target market segment, 2) the size of the HyOx<sup>™</sup> opportunity is significant as compared to the size of ClearValue Combustion, 3) due to the critical market needs, infrastructure change is needed world wide, and 3) for humanity to change to H<sub>2</sub> as a fuel, H<sub>2</sub> will either be there for near all, or H<sub>2</sub> will only be there for a few. Each HyOx<sup>™</sup> license is to have technology flow forward and flow back provisions, e.g. technology/intellectual property is to be shared with required royalty provisions throughout the licensing network.

### There are 4 stages to Marketing/Commercialization

**Prototyping** – In stage 1, the Company plans testing prototypes for a: racing style go-cart, a jet propelled model airplane, a 1 KWh Power Plant and a 1 ton HVAC Unit. Completion of prototype the stage for these four multibillion dollar market sectors will require 9 months to 1 year.

**Market Validation, Commercialization and Translation** – In stage 2, the Company expects to expand, completing validation units and negotiating Beta Site licensing agreements within each market segment. Commercialization, stage 3, is expected to commence: first, with off-road and stationary engines, e.g. power, HVAC, boating and recreational engines; second, with ground transportation, e.g. machinery and trucking followed by automotive engines; and third, air transportation, in both internal combustion and jet propulsion engines. Commercialization is to comprise a strategic partner within each market segment, wherein each strategic partner will receive a one time/market segment license and royalty discount of 50%. Stage 4, Translation, is to comprise licensing of the technology throughout each market segment. These licenses are to be at full value and are anticipated to be \$100M in transportation, \$75M in power generation, \$50M in jet propulsion and \$25M in HVAC. Royalties are estimated to be in the 10 to 25 percent range of retail sales.

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**Source and Use of Funds** – The Company plans an initial market focus to create four prototypes, one for each key market sector, within one year. With stage 1 funding, the Company also plans to hire R&D staff and part-time financial personnel. The Company plans additional funding tranches shown below:

**Financial Summary** – (Each investment round is triggered by successful milestones completion from the previous round.)

Combustion	By Year (\$ Million)						Market Value <sup>4</sup>
	1 <sup>1</sup>	2 <sup>2</sup>	3	4	5	10	
Base Financing	2.0	10.0	5.0 <sup>3</sup>	0.0	IPO – 5,000.0	0.0	
EBIT (w/o Off Road)	(1.6)	(8.0)	53.8	66.4	255.0	1,200.0	24,000.0

1 – Stage 1 financing.

2 – Stage 2 financing.

3 – Bridge, working capital financing, most probably a debt instrument such as corporate bonds or a bank note.

4 – Market Value based upon year 10 estimated licensing and royalty revenues at a 20:1 P/E Ratio.

**Investor Exit** – An IPO is planned in year 5.

### Forward Looking Statement Disclaimer

This non-confidential summary contains forward looking statements which are the best known at this time by executives and the managers of the Company. The forward looking statements herein must not be viewed as financial projections by interested persons or interested parties to the Company or to Emission. As is the case with any equity investment and as is especially so with a company in an early stage of business development, as is the Company, while an investment at this time holds a significant investment opportunity, it must be stated that an investment at this time also entails significant investment risk.