

EnviroCycle Solutions, Inc.
Recycled Material Photos
Before and After Processing



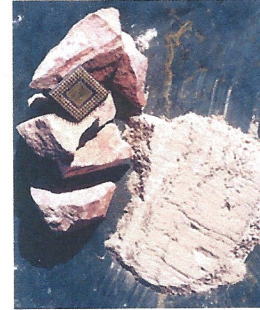
Concrete



Silica



Calcium Carbonate



Gold Bearing Ore



Sheetrock



Computer Boards



20 acres of waste concrete not from the demolition, but the construction of just one hotel in Las Vegas.

ENVIROCYCLE SOLUTIONS, INC.

I. EXECUTIVE SUMMARY

A. Company Background and Business Overview

EnviroCycle Solutions, Inc. (ECS, Inc.), was formed in 1999 to build, own, operate, and franchise its innovative, proprietary equipment and recycling systems to socially responsible, environmentally conscious entrepreneurs and businesses, globally.

ECS, Inc. (the company), has carefully evaluated how to best distribute and protect its proprietary technology. The company's objective is to maximize its business and industrial know-how, while simultaneously growing the company rapidly. As a key part of the company's due diligence, management asked a major, worldwide accounting firm to review its business model. This firm, which operates in 72 countries, agreed that the company's proposed marketing strategy and business plan was, "well thought out."

The heart of ECS, Inc.'s proprietary technology is an invention known as the EnviroCycler (patent pending). The EnviroCycler is a state-of-the-art machine that is technically known in the materials processing industry as a particle reduction mill. The EnviroCycler reduces almost any fracturable (breakable) material into powder, or small particles, instantly, without grinding, or "metal against metal" contact. Simply put, the elegance of the EnviroCycler technology is that there is no internal "metal against metal" contact. Therefore, both material contamination and wear factors are minimized.

Like most innovative inventions, the EnviroCycler is the result of many years of research and development, and "trial and error". The result is an electronically sophisticated machine, which has been engineered and "designed around" both patented and unpatented prior art. It reduces the particle size of the hardest materials known to the mining, mineral and recycling industries, both rapidly and economically. These materials include gold bearing ores, concrete, coal, circuit boards, silica, and many other extremely hard and abrasive minerals.

Most existing methods of particle reduction are slow, expensive and energy consuming. The EnviroCycler particle reduction mill, by contrast, is economical, efficient and extremely fast. Compared to existing technology, it represents a quantum leap over prior art and equipment. Accordingly, in this \$3 Billion annual domestic industry (\$12 Billion globally), the company has focused on providing "custom solutions" to mining, mineral, recycling, nutraceutical and cement industry "problems". These diversified industries represent the company's customer base and long-term target markets.

In addition to the obvious traditional industry applications, extensive tests have been successfully conducted on numerous materials that the company determined could and should be recycled (circuit boards, sheetrock, concrete, reject coal, automobile



windshields, etc.). The economic truth of the matter being that, “one man’s trash is another man’s treasure.” For example, every day landfills across the United States charge their captive customers monopolistic “tipping fees” to bury these materials, considered to be worthless trash, in our ever-shrinking, overflowing, local landfills.

By taking an entrepreneurial approach to identifying materials processing and niche-market recycling opportunities, ECS, Inc. has created innovative solutions to many specific environmental problems. These identical challenges and opportunities exist in almost every city in the United States, if not the entire world. In addition to saving its potential customers money, the company has identified tax incentives and government purchasing mandates which will benefit the company’s franchisees. Therefore, the potential franchisee will not only own a turnkey business, but will also earn on-going revenue by demonstrating, distributing and servicing the EnviroCycler equipment systems. Thus, similar to an automobile dealership, the franchisees become the company’s sales, distribution and service force.

The company’s organizational goals and management concepts have also created a multi-layered business strategy that involves for-profit, government and non-profit enterprises. The company identifies this relationship as “envirofusion”. To stimulate envirofusion, government has legislated economic incentives to create a cleaner environment. Some of these incentives are, pollution reduction credits, clean energy mandates, purchasing mandates, tax credits and tax deductions to motivate and influence the free market. The ECS, Inc. business model incorporates and exploits many of these available government incentive programs.

Our institutions (schools, libraries, charitable organizations, child development programs, abused woman programs, literacy programs, disabled veterans and religious groups) play an important role in our communities and society. Government is contributing less and less to many of these community based programs and institutions in terms of financial support, although they form the infrastructure that undergirds the vitality of America’s dreams, growth and progress. In many cases these institutions depend entirely on the generosity of the members of their local community, therefore fund raising is a tedious, uncertain, full time job for them and of course, their supporters.

It appears that there will be legislative initiatives from the new Congress that will support these types of innovative programs. Since every community-based institution or program has its own constituencies, it has the potential to influence its local constituency’s environmental concerns, policies and behavior. By utilizing their strategic networking potential and political power base these institutions can efficiently exploit the existing market based incentives identified by ECS, Inc. and educate their constituencies how to support them, *intelligently and effectively*.

For example, vehicles, real estate, boats, RV’s, computers, office equipment and more, are routinely donated to institutions and charities (non-profit 501-C3’s), every day. Using this same basic formula, over the past four years, the founders of ECS, Inc. have “blue-printed” specific strategies that can enable these dependent institutions and



programs to generate self-sustaining local revenue streams by leveraging their 501-C3 (non-profit) status to take advantage of these existing tax incentives.

ECS, Inc. and its franchisees, will be processing and recycling common, high-volume waste materials which are currently being dumped into almost every landfill in the United States. The most obvious incentive for current landfill customers to recycle their waste stream trash through ECS, Inc. franchisees, is that they will save money. ECS will charge a significantly lower “tipping fee” to accept this “trash”. Simply put, it will cost the customer less money to recycle their material, via ECS, than to landfill.

These materials, such as concrete, automobile windshields, sheetrock, glass, electronic and computer components (computer chips, printed circuit boards, etc.), will then be processed, recycled and re-sold. Computer scrap contains valuable metals such as gold, silver, platinum, palladium, copper, zinc, etc. So, in addition to receiving a “tipping fee” just to accept the material, the franchisee also gets paid to process the material into recyclable and saleable elements, effectively turning this “trash” into “cash”.

Envirofusion looks at the world not as a black hole of insurmountable problems surrounded by a wall of government bureaucracy, but as an arena of challenges awaiting exploration, initiative, resolution and rewards. The purpose of envirofusion is to accomplish goals that institutions and entrepreneurs would find difficult to attain alone-to create new solutions and profits where seemingly there were none.

These institutions have the potential to selectively influence the direction of their specific constituency’s waste streams, and divert recyclable material, that would otherwise be landfilled, to benefit the institution and therefore, the local community. In other words, the waste generator, the institution, the community and the franchisee profit, every day.

Simply put, instead of donating cash or a car, an individual, business or manufacturer can donate what it now classifies as waste material (concrete, circuit boards, etc.) to an ECS, Inc. affiliated 501 C-3 institution. ECS, Inc. will then evaluate the type and quantity of material for fair market value. ECS, Inc., or its local franchisee, then processes or recycles the “trash” into “cash” and returns the amount of the tax deduction (fair market value appraisal) to the institution in the form of cash, less its processing costs. Of course, the material must have intrinsic recycling value to qualify.

The Uniform Trade Secrets Act, and the appropriate copyright, trademark and patent laws of the United States protect both processes and ideas. Obviously, the company’s business and industrial know-how, and its ideas, are considered extremely valuable trade secrets. Therefore, the company has taken strict measures to protect them as intellectual property and assets.

Accordingly, the company is actively engaged in broadening, extending and strengthening its trade secret and intellectual property protection. The company has arranged to secure Patent Infringement Insurance to protect itself and its franchisees from patent infringement or theft of trade secrets.



In summary, ECS, Inc. has assembled a highly experienced and diversified management, scientific and marketing team. It has simultaneously developed a long-term strategy to optimize its revenue opportunities and create equity value for its shareholders and franchisees. ECS, Inc. and its franchisees are not in the equipment sales business, they are in "the solution business". Which is why the EnviroCycler is not for sale. It is only available on a lease basis, similar to the first Xerox copier machine, and it can only be leased through ECS, Inc., or its designated franchisee.

B. Milling Industry Overview

In addition to the multi-billion dollar recycling industry, the milling industry alone is an annual \$12 Billion global business. A mill is an apparatus for breaking, grinding, pulverizing or crushing one or more objects into smaller objects or particles. Mills are used in many diverse industries where very small, near-micron size particles are important or critical to processing and/or product production and in turn, business profitability. According to the Mineral Information Institute, every American born will need over 3 ¾ Million pounds of minerals, metals, and fuels in their lifetime.

Pulverizing mills are critical machines in the mining and mineral industries. What is not obvious is the critical role that these mills play in many other unrelated and non-mining industries ranging from agriculture, pharmaceuticals, waste recycling, and chemicals, to foundries, glass, silica, paints, ceramics, and more. Mills play an integral part in the production of the base materials that are the foundation of every part of our economy.

Since before recorded history, mankind has used the same basic principle to make big rocks smaller and powder-like. They beat and smashed them into smaller pieces. Whether by using a mortar and pestle, a hammer, or immense mechanical devices to pulverize minerals, reduction methods remain the same today as they were one-hundred years ago: inefficient, costly and time-consuming. The names of the machines used in these processes (Hammer Mills, Ball Mills, Jaw Crushers, Pulverizers) convey how cumbersome they are, and how they work: very, very hard, while consuming a great deal of energy. Besides the energy they consume, these machines demand extensive, frequent, and costly maintenance, which means expensive downtime.

C. The EnviroCycler Market

According to industry publications and experts, the domestic market for milling equipment, particle reduction products and related goods and services is highly significant, exceeding more than \$3 Billion annually. The global market is estimated to be in excess of \$12 Billion annually. A one percent (1%) domestic market penetration would correspond to annual EnviroCycler-related revenues of approximately \$30 Million, and one percent (1%) of the global market would correspond to \$120 Million annually.

There are no accurate sources yet identified which have thoroughly defined the specific size of the total market, principally because very few of the major players in this market vend custom "solutions". With the EnviroCycler as the heart of a custom-designed powder manufacturing or recycling system, previously unavailable options and solutions



become practical for transporting, drying, storing, bagging, processing, classifying and mixing of powdered materials in previously impossible volume and tonnages.

Because this technology creates a whole new range of recycling industries, the company believes that the total revenue for its products is significantly larger than the current market, because its capabilities will create solutions to problems not considered resolvable today.

D. Service Solutions

The company intends to create an identity in the market as both a franchisor and a provider of custom engineered service solutions. Distinctly different needs of the very large potential client base makes this not only the right answer, but also the best for the client, the franchisee and ECS, Inc.

In contrast with other particle-size reduction technologies, the EnviroCycler Mill is engineered so that efficient pulverization occurs through particle-particle interaction. The EnviroCycler design is considered by industry experts to be the most noteworthy breakthrough in milling technology since the invention of the hammer. The EnviroCycler Mill has many unique competitive advantages over any other mill or combination of mills presently available in the worldwide marketplace.

The EnviroCycler literally shatters the crystalline structure of very hard materials. Once the material is initially fractured, particle-particle interaction and reduction continues until the feedstock material is reduced to the customer's desired specifications. These micron-sized particles can then be used or separated to solve the customer's problem.

The EnviroCycler circulates a large volume of air inside the machine, causing dramatic drying while using the airflow to drive the air classification system that can separate the reduced materials by size and weight. The EnviroCycler is computer controlled for peak performance and efficiency as it easily produces whatever size particle the end user wants. Its design characteristics make the separation of hard-to-grind complex substances possible, which previously could not be economically processed at all.

E. Competitive Advantages

The EnviroCycler Mill can be characterized as the fastest and most efficient mill in the world for processing up to 4-inch diameter materials into powder. The EnviroCycler Mill can be combined with existing input and output devices to provide complete custom solutions designed for the specific needs of individual customers. These Input/Output devices include, but are not limited to silos, conveyors, hoppers, classifiers, air classifiers, circular separators, bag houses and storage bins.

The cost of manufacturing an EnviroCycler is significantly below the manufacturing costs associated with any existing machine, or combination of machines, now available in the global marketplace used collectively to produce fine powder (-200 mesh or finer).



There is no known machine that can match the throughput rate of the EnviroCycler on a scaled, cost per ton basis. They are designed so that they can be installed modularly.

On the Numerical Scale of Hardness (MOH), talcum powder is a 1 (the softest) and diamonds are a 10 (the hardest). The EnviroCycler has demonstrated the ability to economically reduce some of the hardest and most abrasive minerals known to man, with MOH ratings as high as 8.1. Minerals around this MOH Scale level of 8 were previously considered impossible to mill economically. The EnviroCycler Mill can reduce these materials to the size of talcum powder at extremely high volume.

The EnviroCycler can reduce the particle size and separate numerous and diverse materials for recycling purposes, including, but not limited to; laminated glass (car-windshields), waste concrete, waste sheet rock, waste glass, used and waste electronic scrap (printed circuit boards and computer chips) that have been traditionally land-filled. Some of the other materials that have been successfully processed into fine powders are; limestone, clinkers (cement), gypsum, silica, marble, granite, coal, calcium oxide, gold ores, sea shells and even corn kernels.

The EnviroCycler is fully OSHA and MSHA compliant, is internally and externally computer controlled for maximum performance, safety and efficiency. The machine has also been engineered to allow gases and/or liquids to be mixed inside the machine, which is also self-cleaning. The performance, use and location of each EnviroCycler is continuously monitored and tracked by an electronic Global Positioning Satellite system.

The EnviroCycler's unique process of milling can also create a polarity (electrical charge) on powder while processing material. This makes it possible to create new materials that will lead to previously undefined or undiscovered processes and products.

F. Revenue Path

ECS, Inc. intends to simultaneously follow three specific growth strategies; global franchising, "end-user" or "corporate strategic partnering" and company owned processing and recycling operations. These strategies will allow the company to rapidly develop a revenue stream from in-house operations, franchising fees and the leasing of equipment systems to carefully targeted clients on a "partnering for profit" or joint-venture basis. The concept of "partnering for profit" is based on targeting niche market end-users that stand to benefit most from the increased productivity and throughput produced by the EnviroCycler technology (cement manufacturers, gold mining, recycling, etc.). The company currently has five joint ventures being negotiated.

The company has carefully identified and screened these end-users. The company and the selected end-users will initially analyze pertinent data for quantifying the EnviroCycler's value-added profit quotient for each of their industry's specific applications. These economic models will then be utilized to market and lease the EnviroCycler, on a per ton royalty basis, via its franchisees, to the global marketplace.

