



THE MORGAN REPORT



David Morgan:

Welcome, everyone. This is a special update from EnviroLeach's Duane Nelson, and I'm sure we'll talk about Mineworx. We've got a lot of members that are, of course, shareholders in the companies, and they're kind of curious with the stock price falling off of late. They want an update. You can just review where we're at, and I'm sure we're going to get a ton of questions. I had several mailed into me. We'll just get going.

Duane Nelson:

Okay. Hi, David. Hi, guys. This is Duane. I wanted just to maybe spend a little bit of time addressing some of the issues. Obviously, we're behind schedule on the Jabil installation. There are several things that are happening that unfortunately, I just can't talk about because Jabil has made it very, very clear that they consider this a very competitive space and they don't want to provide any competition with any inkling of what they're doing or insights with respect to any technologies. We're running here close-mouthed. I can tell you that some of the issues that we've experienced at the plants were, as I put out in previous press releases, simply due to the deleterious metals that we were facing.

There was significant copper and iron showing up in solution. Over the last three months, we have resolved all of those issues. They created not chemical issues, but all process issues. If anybody is familiar with mining, typically, most of the issues on any startup process or mine have to do with process. The chemistry continues to work extremely well. We're finding better recoveries now than we have before. In summary, what I feel I can say is, we've resolved all of the issues by simply concentrating the metals out of solution using a proprietary concentrate basis and our concentrate methodology. That methodology relies on gravimetric separation as well as electrostatic separation.

Suffice to say, the ability to strip most of the metals out of the materials before it goes into leach essentially resolved all of the process issues that we were experiencing. Some of those issues, if you're not aware, involved the milling, the fine milling of copper because it is so malleable. It was just jamming the mills. With respect to the pumping, it was—if you can imagine trying to pump pure metals through a two- or three-inch pipe, it was jamming the pumps. It was plugging. We weren't getting sufficient agitation and so on. By simply utilizing conventional somewhat altered gravimetric and electrostatic separation, we were able to strip most of the metals out of solution, and consequently now, we're not having any issues with the milling, the pumping, the grinding, or the agitation of that.

We are seeing much, much better recoveries in solution as well. Right now, we are implementing a new division of that existing plant, which is, it's focused entirely on the concentration. That's being built here in Vancouver and will subsequently be installed at the Memphis installation. We are running bulk testing on it. We have had tremendous results. Once we have completed the concentrate plants here, it will then be implemented in Memphis. It's just too difficult to try to build something like that down there with all of our people, so the Mineworx people are here. All hands-on deck.

Most of the equipment has arrived. The balance will be here July 25th, and it will be installed and up and running by September the 1st for Jabil and other people to come and review it. Everything else on the mining side is going extremely well. We are working with five of the largest mining companies in the world, and we are continuing to work with them. We're seeing tremendous successes on the mining side, the recoveries from ores, from flotation concentrates, gravity

concentrates, etc. The product continues to outperform in those areas and we feel that hopefully, in the near future, we'll be able to start talking about some of the names that we are dealing with in that area.

David Morgan:

I think one of the main questions we get are what I call stale shareholders. I think if you could delineate, even though Mineworx did a great webinar for us, I'd like to go over a little bit of that. The main question that we receive is, is it worth holding onto Mineworx? Should I focus on EnviroLeach? This is not really investment advice, and my statement's been one. I haven't sold a share. I'm holding them both. I'm the one that stated that I thought that it's possible that at some point, Jabil will probably buy out EnviroLeach, but I doubt they would buy out Mineworx.

I don't know how much you can say, Duane, but if you give a contrast between the two because there's, as Mineworx CEO, Greg Pendura explained very well for us is, there's really a wet cycle and a dry cycle. Mineworx is focused on the dry cycle, whereas EnviroLeach is on the wet cycle. If you could contrast Mineworx versus EnviroLeach and what you see going forward.

Duane Nelson:

Okay. I get asked this question quite a bit as well. Without giving any type of investment advice, I can advise people that Mineworx is a big part of what we're doing going forward. It's even gone beyond the dry versus wet cycle. Yes, at EnviroLeach, we have a number of PhDs, chemists, chemical engineers on site, and our area of focus is simply the technology, the chemistry. Trying to work through the engineering aspects of this process. Mineworx has been involved in the creation of the X-mill, and its ability to treat the e-waste is still second to none. However, their real strengths in what they bring to this relationship has been not only the financial support, but also their ability to design, build, and implement.

Even with this new concentrate plant that we're building now, there are a number of components that we're getting from all over the world, but Mineworx is the group. They're putting this together, piecing it together, systematically getting everything in place. We just leased a new building. They are now working on assisting us with the installation and ultimately, as a matter of fact, this week we start some bulk testing on some of the materials that have been sent up to us by Jabil. Yes, Mineworx is a big part of what we're going forward from a technical standpoint, but also from a financial standpoint. Both companies, as I mentioned, are in very good cash positions.

I think EnviroLeach has over \$8 million in the bank. I believe that Mineworx has over \$3 million in the bank. We're both sufficiently financed to see this through and we're confident that with both teams working diligently on this, by September 1st, we will have that concentrate plant running here, and running large amounts of materials provided by Jabil. I might add at this point other people that have expressed tremendous interest in this model going forward. I can't tell you whether Mineworx is a better buy than EnviroLeach, but I can tell you that from a partnership perspective, Mineworx is playing a key, integral role in this.

David Morgan:

Okay. The questions are starting to roll in. The first question is, after site acceptance, will there pretty much be an immediate start to production?

Duane Nelson:

Absolutely. Jabil, of course, has got its fingers in many, many pies, but as far as the supply of the e-waste goes, there is an unlimited supply. There's more supply than we could ever, ever imagine trying to process. Yes, the answer is the equipment that we're installing right now is actually designed to run 20 tons a day of circuit boards, but we've also augmented that with the installation of some other specialized equipment, so that we can run whole cable boxes, modems, power boxes, everything else. It goes into the line. It gets shredded. It gets ground. It gets separated into the various components. It's then concentrated, and then the non-concentrate section is actually treated in solution. It is our

intention to hit the ground running with this. There is no reason why we cannot secure enough feed to get this plant running, and Jabil is as motivated as we are in doing just that.

- As I said, in September, we will have the concentrate plant running here, and it will be capable of processing 20 tons a day. The only thing that would stop us from processing that amount would be our inability to secure that amount of feed, barring any technical issues.
- All of the technical issues that we could foresee in this have been dealt with. This is much, much easier than what we were doing before. The ability to separate this material using gravimetric, electrostatic, and other off-the-shelf technologies are just that. They're proven. There's not a lot to learn.
- Our focus would be with the milling and the other process, which we have learned through the installation of Jabil over the last six months. What we're trying to suggest is that we're much smarter today than we were before, and we've learned a lot with the preliminary pilot installation at Jabil.
- By combining with this new concentrate plant that we're building here now, we're not foreseeing any issues. I would expect that Q4 should see some very promising results, and hopefully, the ability to report some large numbers going through the plant.

David Morgan:

So far, there are plants in Memphis, Vancouver, B.C. Is EnviroLeach thinking of extending production to other areas or other sites?

Duane Nelson:

I want to clarify that. Our pilot plant is in Jabil. There's a lot of people that are paying attention to what's going on in that plant. However, the concentrate plant that we're building will be built here, and most likely, be installed at Jabil at some point in the near future. There are some logistic issues, even though Jabil is the third-largest logistics company in the world. There's some real benefits in having these plants installed throughout the United States. Ideally, some of the locations that we're talking about would be Memphis, of course, Las Vegas, Vancouver, Toronto. All of those four have been talked about.

David Morgan:

Okay. How will EnviroLeach and Mineworx leverage their business plans to provide value using each other's synergies?

Duane Nelson:

Again, Mineworx brings a real unique challenge, and that is again, their ability to design, to build, and to install. Because Jabil is an international company with presence in over 23 countries with 200,000 people, a big part of this would be the rollout. Just because we have plants here in North America, that's actually one of the smaller hubs for e-waste in the world. It would be our intention, and it's my understanding, Jabil's intention that when they're satisfied that this is working, that we would roll it internationally. The ability to have a team like the Mineworx there to help assist with that type of international expansion is going to be a must.

David Morgan:

Are there plans to promote the stock for the general public, rather than keep it amongst my subscribers? That's always a double-edged sword because I want everyone that is with me and paid me money to do the very best, and I'm not in the habit of touting the stocks which almost everyone else in the industry does, but it's something for me to consider. I'm hoping that someone in my peer group will recognize the unbelievable potential to this company and someone else will write it up.

Duane Nelson:

A couple of quick things. Number one, I want to thank the shareholders because of their patience. There's a lot of shareholders in here that are in under that \$1 price. There's a number of them that are in over the \$1.50. I think the stock

is traded very well considering that we've been on mute, essentially, for the last six months. The other point that I want to bring across is that there's a lot of good ideas in the world. There's a lot of great inventions. There's a lot of smart people. I want to assure everybody that not only have they invested in a great technology, but they've invested in a team that has proven to withstand issues and adversity, and we're very experienced on the technical side. If there's a problem, how do we resolve these problems?

My team is brilliant. We've got some of the best chemical engineers and metallurgists and chemists on the planet. Because this entire sector is so new, there are no textbooks. There is nothing, or very little information that's ever been published on this type of chemical treatment. When you have a team like this, that have not run into one problem yet from a technical standpoint that we weren't able to resolve, and now the chemistry today is actually much, much more effective than it was even six months ago. I want to say that.

We're not an overly promotional company. We don't spend a lot of money on marketing and IR, but that being said, we have also attracted companies like Jabil because we're conservative, because we're not overly promotional. We've attracted one of the best banking firms in the United States. We have Roth Capital backing this company. They are not going to back a company that is simply full of smoke. Yeah, our inability to be promotional and spend money on marketing may be costing us today, but we feel that in the long run, we will have attracted some real strong groups like the German investment groups that are backing us now.

Over promotional companies that don't have anything but a good story doesn't attract that type of talent. I'm very, very pleased with the direction that we've taken, how we've overcome all of these issues. Trust me, I'm the first one to admit that we are smarter today than we were six months ago. We continue to learn from these installations, and I'm sure that we are still going to face issues going forward in the future, but the most important part is that you've got a team that can face that adversity, face those technical issues and be able to overcome all of those. Going forward, once we have this plant signed off, it's running. We're producing. You will see us start to spend much more money on marketing and getting this story out there, but we're a small company and right now, as far as I'm concerned, the highest and best use of capital and resources is putting it into the current relationships that we have on the e-waste side with Jabil and on the mining side with the top five gold producers in the world.

David Morgan:

Duane, you've answered this one before, but it's come in. Generally, how does Duane regard other urban mining companies, or the competition of other urban mining companies?

Duane Nelson:

That's really easy. Again, part of us getting smarter over this last six months has also been our ability to really understand what's going on within this sector. The sector is in its infancy. These people are still talking in pounds rather than in tons. This industry has got a lot to learn on its own, but I can tell you that our competition in this space is solely on the smelter level. Everybody who is collecting e-waste today are trying to disassemble that e-waste. They're trying to extract the value. The value is only in one spot in e-waste, and that is in the printed circuit boards. All of those circuit boards today are going one place. They're either going to smelters, or they're being illegally dumped into countries.

The only way that they can economically extract the value from those boards is by simply burning them in the open space, hand picking components off, and then burning what's left of the substrate to create a concentration or a concentrate that they're then selling to the smelters. In a way, 100% of e-waste winds up at smelters one way or another. There is no one else in this space that has developed an effective way of extracting the precious metals from those printed circuit boards than us. Cyanide doesn't work because of the high copper contents, never mind the ecological complications that ensues by even attempting to do that. Acid does not work because it's not scalable, and the type of toxic gasses produced plus the effluents it's created doesn't work.

Our competition in the e-waste space is the smelters. Again, we'll be providing probably some concentrate to smelters, but our market strengths are that we are still helping to reduce the smelter emissions. We can operate in a zero—what's

the word I'm looking for? We basically have no effluent. There's no off gassing. There is no product that is going down the drains.

We are the only one out there that has, or even offers, any type of environmentally-friendly solution to this. Still, there's a lot of materials that don't meet the values for people to collect, and a lot of this material is still going to landfills. The UN report that was just out suggested that less than 20% of this material is actually being recycled, and the balance is still going to landfills. I feel our strength within this sector is very strong, and I think it's only going to get stronger now that we have come up with this concentrate model.

The following four questions were also addressed in the interview, however, out of respect to The Morgan Report's paid subscribers, Mineworx was not granted permission to include these answers.

- After the changes, adjustments are made to the Memphis plant, are the estimated cost still for a plant to cost roughly \$10 million with an annual production of approximately \$50 million still viable?
- If ETI has trades at \$1, what should the fair value of Mineworx be based on original joint venture agreement?
- As you mentioned, a date in September when the pilot plant will be operating at 20 tons per day, when will you start to produce plants operating at 50 tons per day? According to your website, this is the actual production plant size.
- As Duane said, and I'll back it up, I've been at this for 40 years, and I've seen some significant things happen in the mining sector, but to my knowledge, I've never seen anything that could be this disruptive in a positive way.

Information contained herein has been obtained from sources believed to be reliable, but there is no guarantee as to completeness or accuracy. Because individual investment objectives vary, this Summary should not be construed as advice to meet the particular needs of the reader. Any opinions expressed herein are statements of our judgment as of this date and are subject to change without notice. Any action taken as a result of reading this independent market research is solely the responsibility of the reader.

The Morgan Report is not and does not profess to be a professional investment advisor, and strongly encourages all readers to consult with their own personal financial advisors, attorneys, and accountants before making any investment decision. The Morgan Report and/or independent consultants or members of their families may have a position in the securities mentioned. Mr. Morgan does consult on a paid basis both with private investors and various companies. Investing and speculation are inherently risky and should not be undertaken without professional advice. By your act of reading this independent market research letter, you fully and explicitly agree that The Morgan Report will not be held liable or responsible for any decisions you make regarding any information discussed herein.