



Interview with Management

Sky Quarry, Inc

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On The Call



Jake Hoffberg
Publisher, Equifund



Jordan Gillissie
CEO, Equifund



David Sealock
CEO, Sky Quarry

The Big Idea In 149 Words

Today in America, there's an estimated 700 million tons of semi-toxic waste that sits in our landfills. If left alone, it could poison our groundwater and fertile soil (if it hasn't already).

They're called **waste asphalt shingles (WAS)**, and they cover ~80% of residential roofs in America.¹ Each year, ~13 million tons of WAS are sent to landfills.²

But thanks to new technology, these hydrocarbon time bombs can potentially be converted into safe, strong, and affordable building materials that could possibly be used to rebuild our crumbling infrastructure, create tens of thousands of good paying "green jobs," and help us in our fight against climate change.

Today's presentation is about Sky Quarry's plans to address the environmental problems caused by waste asphalt shingles (WAS)... potentially reclaim up to 423 million cubic yards of land...
and lead the industry into a new era of cost-effective recycling technology!

(1) Ed Hudson, Home Innovation Research Labs, published Sept 28th, 2018, [Roofing Market Trends? We've Got You Covered \(and Re-covered\)](#)

(2) Environmental Protection Agency, published in December of 2020, [Advancing Sustainable Materials Management: 2018 Fact Sheet](#).

What's Driving This Monumental Change?

The Race to Net Zero (COP26 Goals)¹

1. Secure global net zero by mid-century and keep 1.5 degrees within reach

Countries are being asked to come forward with ambitious 2030 emissions reductions targets that align with reaching net zero by the middle of the century.

2. Adapt to protect communities and natural habitats

The climate is already changing and it will continue to change even as we reduce emissions, with devastating effects.

3. Mobilize finance

To deliver on our first two goals, developed countries must deliver on their promise to raise at least \$100bn in climate finance per year.

4. Work together to deliver

We can only rise to the challenges of the climate crisis by working together.



(1) UN climate change Conference UK 2021, retrieved Jan 18th 2022, [What do we need to achieve at COP26?](#)

What's Driving This Monumental Change?

The Green Construction Paradox

Reaching “**Net Zero**” carbon emissions by 2050 means virtually every industry in the world will need to be reinvented.

A task which – according to the Global Infrastructure Outlook¹ – will require ***\$94 trillion of investment over the next 25 years to build!***

However, in order to build this, raw materials need to be extracted from the Earth, which causes further damage.

Today, roughly half of the 100 billion tons of raw materials we extract go into the world's built environment. **Construction creates an estimated third of the world's overall waste, and at least 40% of the world's carbon dioxide emissions.** Compare that to the 2-3% caused by aviation, which people fret far more about.²

(1) [Global Infrastructure Outlook](#), retrieved January 18th, 2022

(2) Norman Miller, British Broadcasting Company, published Dec 15th 2021, [Extracting materials is wreaking havoc on the planet. Could the world's growing mounds of waste hold the key to sustainable construction?](#)



What's Driving This Monumental Change?

The Rise of “Ecopreneurs”

According to US climate envoy John Kerry in a recent BBC interview:

“I am told by scientists, not by anybody in politics but by scientists, that 50% of the reductions we have to make to get to net zero by 2050 ... are going to come from technologies that we don't yet have”¹

Where will this innovation come from?

According to the World Economic Forum, **these innovations will likely come from 'ecopreneurs'** — entrepreneurs whose business models are not just driven by profit, but by a desire to have a positive impact on the environment.²



(1) The Andrew Marr Show, British Broadcasting Company, May 16th 2021 . [Interview with John Kerry \(Transcript\)](#)

(2) Gianluca Gygax, World Economic Forum, published Nov 9th 2021, [We need an 'ecopreneur revolution' to fight climate change. This is how we can make it happen](#)

The Problems Today That Must Be Solved...

A Consumption Based, Linear Economy

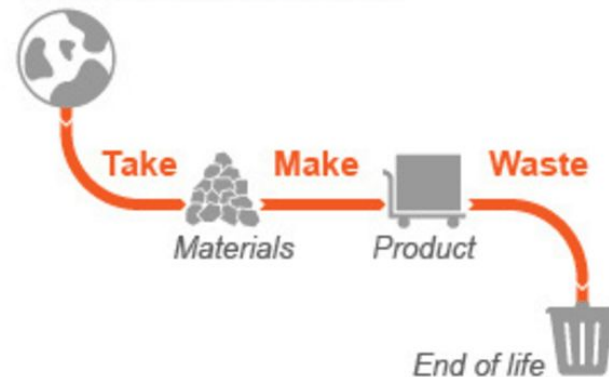
Many companies make money by harvesting natural resources, turning them into products, and selling them to consumers.

In order to continue to increase profits, many companies have to incentivise consumers to discard working products in favor of the “newest” thing.

To make things worse, many people have been led to believe that “recycled” or “reused” items are inferior to “new.”

In order to save our planet, this “take, make, waste” model has to change.

The linear economy



The Problems Today That Must Be Solved...

A Lack of Viable End Markets

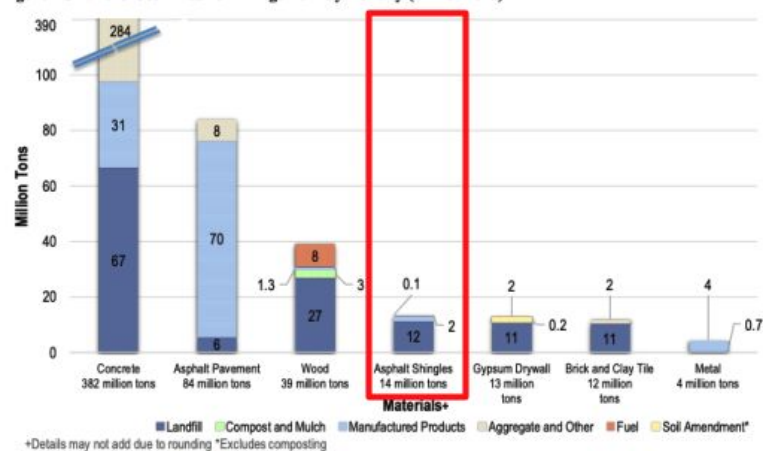
The EPA defines recycling as “the separation and collection of wastes, their subsequent transformation or remanufacture into ***usable or marketable products or materials, and the purchase of products made from recyclable materials.***”

Put another way, it doesn't matter how much waste is put into recycling bins: **If there's no one willing to buy recycled goods, there's no such thing as recycling.**

That's why it's crucial for any company serious about recycling to ***focus on developing viable end markets with growth potential.***

Of the more than 600 million tons of C&D debris produced each year, concrete and asphalt pavement are the largest sources of debris, making up 426 million (or 71% of the total).¹

Figure ES-2. 2015 C&D Debris Management by Activity (million tons)



Thankfully, concrete and asphalt pavement also happen to be the most recycled materials in the world: 82.5% of all concrete is recycled and ~94% of all asphalt pavement is recycled.

However, there's a growing pile of debris that – if not dealt with – will be a major source of environmental problems in the future:
Waste Asphalt Shingles!

(1)Environmental Protection Agency, published March 2020, [Construction and Demolition Debris Management in the United States, 2015.](#)

The Problems Today That Must Be Solved...

Lack of Recycling Infrastructure

We don't have enough well-equipped C&D **Materials Recovery Facilities (MRFs, pronounced "murf")** to handle our current waste streams.

While most places in the U.S. are less than 80 miles from a landfill... the same cannot be said about C&D MRFs.

Waste now has to travel farther from your trash can to the landfill... it costs more to recycle... and the problem is only getting worse!

For this reason, we see a huge opportunity for private companies – like Sky Quarry – to fill in the gap and lead the industry into a new era of cost-effective recycling technology.

(1) Environmental Protection Agency, published May 2017, [The State of the Practice of Construction and Demolition Material Recovery](#)

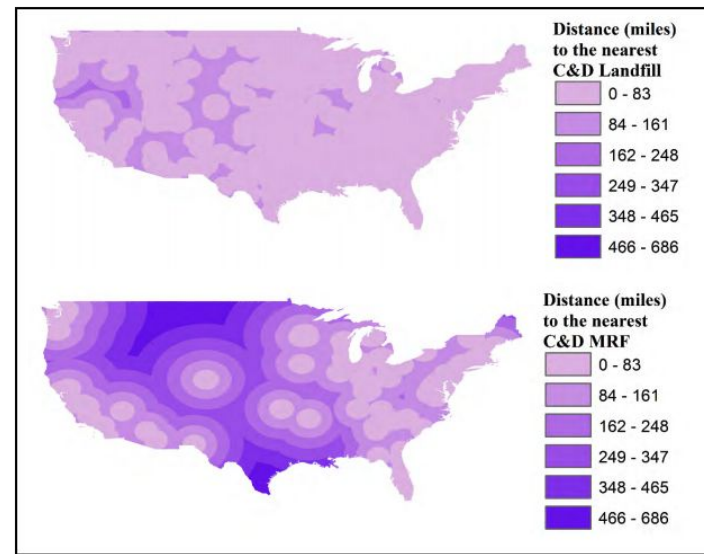


Figure 3-1. Distance in Miles to the Nearest C&D Landfill (Top) and Mixed C&D MRF (Bottom) (USEPA, 2014a [C&D Landfill Locations] and WBJ, 2012 [Mixed C&D MRF Locations])

There are more than 1,500 C&D-specific disposal facilities in the United States today. In comparison, there were only 512 C&D recovery facilities as of 2012.¹

The REAL Problem That Must Be Solved?

Transitioning to a Circular Economy

A circular economy is an economic system of closed loops in which raw materials, components and products lose their value as little as possible, renewable energy sources are used and systems thinking is at the core.

Definitions often focus on the use of raw materials or on system change. ***Definitions that focus on resource use often follow the 3-R approach:***

- **Reduce** (minimum use of raw materials)
- **Reuse** (maximum reuse of products and components)
- **Recycle** (high quality reuse of raw materials)



We're Not The Only Ones Trying To Solve This Problem

This has been a known issue in the shingle industry for more than a decade.

GAF Materials – one of the largest residential roofing companies in America – recently announced they are investing more than \$100 million to commercialize the recycling process.¹

However, their program is only designed to recycle the “reject” shingles known as ***Manufactured Waste Asphalt Shingles (MWAS)*** their factory makes that would otherwise be thrown away...

It's NOT to help divert the 11-13 million tons of waste asphalt shingles that come from Construction & Demolition activity each year... or the estimated 700 million tons in landfills today.



(1) GAF Materials, published Apr 20, 2021, [GAF Manufactures Industry's First Asphalt Shingles Containing Recycled Waste Shingles](#)

We're Not The Only Ones Trying To Solve This Problem

Other comparable competitors are still in early stages
of development

We wish all of our “competitors” only the best. It’s going to take more than Sky Quarry alone to address the problems created by WAS.

However, to the best of our knowledge, our competitors **don’t have the capital, infrastructure, or technology** required to achieve meaningful scale. However, this may change as the focus on recycling intensifies.

Additionally, many of them still require the use of water to facilitate their recycling processes.



(1) GAF Materials, published Apr 20, 2021, [GAF Manufactures Industry's First Asphalt Shingles Containing Recycled Waste Shingles](#)

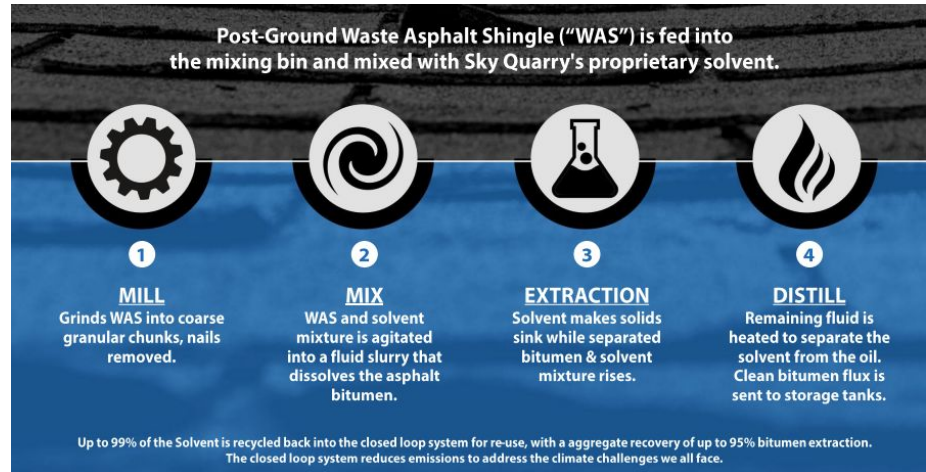
Why We're Different

“ECOSolv” – a proprietary “environmentally clean oil” waterless solvent and process used in the separation of oil from waste asphalt shingles

Traditional processes grind shingles to the consistency of coffee grounds and are added to blended hot mix asphalt (HMA).

We're not just grinding up WAS and remixing it.
We are reducing it down to it's basic elemental building blocks – oil and sand – and creating new products.

Even better? It's a waterless process.



Our Investment Thesis

Multiple Revenue Streams

The primary use for WAS is in the pavement industry (hot mix asphalt).

However, because we can reduce products to its basic components, we can potentially access – and develop – additional viable end markets for recovered WAS materials.

This may give us ***greater flexibility and market agility*** compared to our comparable competitors!

PRODUCTS		BUYERS / MARKET
Asphalt Tack Coat		Paving Industry
Granules		Shingle Manufacturers
Limestone Power		Shingle & Carpet manufacturers
Environmentally Sourced Heavy Oil		Paving, Petro, & Plastics industry
Reclaimed Bitumen		Paving Industry & Shingle manufacturers
Polymers + Bitumen		Shingle Manufacturers
Stone Matrix Asphalt		Paving Industry

Our Flagship Acquisition

The PR Spring Facility

When the WTI oil benchmark plummeted to negative \$37 per barrel in April 2020, the Sky Quarry management team was able to acquire a newly built bitumen processing facility in Utah – an asset previously valued at ~\$55m – for only \$3.5 million.

This facility was originally designed to extract bitumen from oil sands. Thanks to management's unique knowledge and proprietary technology, they intend to retrofit the facility to extract bitumen from waste asphalt shingles utilizing a waterless solvent system.



Why This Problem Is Hard To Solve

Most recycling companies lack the capital or experience to do what we do.

What we did was acquire an ~\$55m oil processing facility that can process 2,000 barrels a day. Our competitors are still **developing** facilities that process ~200 barrels a day.

The entry barrier to get to a sustainable level of production is extremely high.

It took us 3 years to figure out the chemistry. To make things more challenging, there is a degree of variability across all WAS currently in landfills, or being sent to landfills (i.e. degradation, manufacturing process, and other external factors).

Overall, what we've done is potentially create a solution that addresses the variability. We can also adjust the technology to meet the needs of the jurisdiction we're working with at the time.

We estimate we can process ~90% of all WAS. We want to get to a point where we have a 100% recyclable rate.

(1)Footnotes go here

Value Proposition (Why Customers Buy)

It's Cheaper than Landfilling

State and local governments have aggressive recycling goals they are struggling to meet.

What we potentially offer is a politically popular solution that can not only help them meet these goals, but do it in a more economic way than landfills.

The cost to landfill WAS (called the “tipping fee”) can range from the mid \$40/ton to as high as \$120/ton – or a national average of ~\$90/ton.¹ Sky Quarry is estimating they can accept WAS for ~\$25/ton.

PLUS! By getting rid of the WAS, cities can potentially reclaim that land and put it to better use.

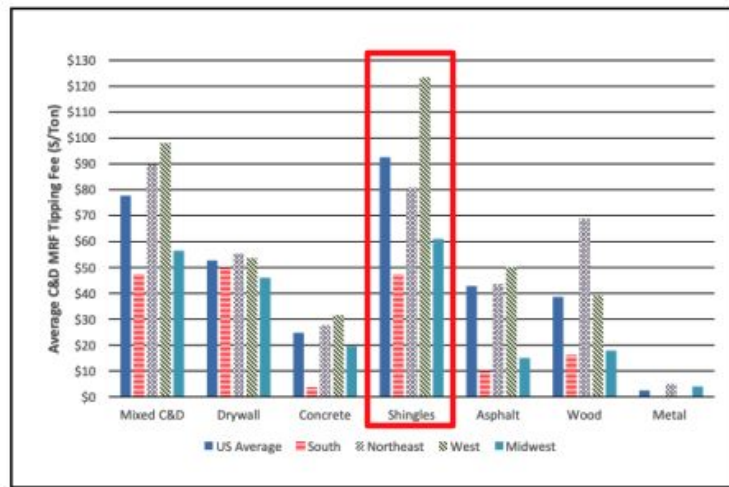


Figure 3-3. C&D MRF Tipping Fees by Region and Material for Several Facilities (IWCS 2016)

(1) Environmental Protection Agency, published May 2017, [The State of the Practice of Construction and Demolition Material Recovery](#)

Sales Pipeline

The Industry Response is Great

While we are currently under NDA...

We've identified several key sites for recycling facilities and are currently in discussion for rollout – in a staged approach – over the next 18 months.

We also have verbal commitments from regional refiners to buy the liquid asphalt produced.



How We Expand

Modular Facilities

Thanks to their modular recycling facilities, Sky Quarry can build new recycling facilities anywhere that have profit potential.

Each one of these facilities would cost an estimated \$8 million to build, and could potentially process between 250 to 500 tons of waste asphalt shingles per day.

The 3 to 5 year plan is to roll out up to 10 facilities, covering the southern states of the US.



Sky Quarry's plant is modular in design and can be installed at a number of high-demand locations across the country.

(1)Footnotes go here

Our Team



David Sealock
CEO, Sky Quarry

Mr. David Sealock is a highly accomplished, results driven senior executive leader with over 30 years of strategic management and business leadership.

He has a track record of building high-performing teams with a strong focus on setting corporate strategy, executing **over \$1.2Bn** in equity and debt transactions, joint ventures and M&A deals.



Marcus Laun
EVP, Sky Quarry

Mr. Laun has spent the past twenty years as a founding principal or senior advisor to over fifteen publicly and privately held companies. His experience includes advising and investing Nurture Inc an organic baby food company which eventually sold to Group Danone for \$250mm.

Mr. Laun also founded the investment banking division of Knight Capital Group (the largest market-maker of equities in the US) where he managed syndicates for over \$300 million in financing.



Our Team

Mr. Travis Schneider, Chair of the Audit Committee and Independent Director

Mr. Schneider has enjoyed 14 years public company experience in various board and executive positions. He most recently served as a director of Petroteq Energy Inc from December 2012 to March 2020 while concurrently employed as Manager of Corporate Affairs to AgriMarine Holdings Inc., an aquaculture technology company, from October 2008 to November 2020. Mr. Schneider brings a strong background in startup operations, regulatory compliance and corporate governance to the Company.

Mr. Don Whalen, Operations Manager

Mr. Whalen has over 30 years of broad based Supply Chain Management experience gained in building 8 Oil Sands Facilities, 12 Pipelines and over 80 Gas Processing Facilities. During his career, he has developed and managed supply chain programs that have delivered more than \$188 million dollars in savings to Suncor, Sunshine Oilsands, Shell, Nutrien, and others.

Mr. Darryl Delwo, Vice President, Finance

Darryl has over 25 years of experience and excels at providing financial oversight and executive management responsibility as a key strategic advisor to owners, executives and board of directors. To date he has been integral in executing over \$250M of M&A, joint venture and refinance dealings. Darryl holds a CPA, CMA designation and Bachelor of Commerce, Accounting Major from Athabasca University. He was recently distinctly honored for his professional achievements, dedication and exceptional service to the CPA profession.

Mr. Ryan McGee, Advisor to the Board of Directors

Ryan McGee is the CEO and General Counsel to Triangle Petroleum Corp. Prior to joining the company in August 2012, Mr. McGee's legal background focuses on SEC compliance matters, securities offerings, mergers and acquisitions, and corporate governance.

Our Track Record So Far

Highlights of 2020/2021

- ✓ Retained core executive team
- ✓ Completed due diligence, financing and closed acquisition of the PR Spring facility
- ✓ Secured key institutional investor participation
- ✓ Identified areas of expansion and placement of recycling facilities
- ✓ Received SEC Qualification for its securities offering under Regulation A



Q&A

What questions do you have?



Considering an Investment?

Please visit their offering page for more information

<https://equifund.com/skyquarry/>