



OTC Bulletin Board: TSTA



Update interview with Mr. Ed Spink, CEO

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Smallcaps.us: Hi everyone and thanks for tuning in for another Smallcaps.us interview. We've talked with Mr. Ed Spink, the CEO of TurboSonic Technologies Inc, in the past, and we're excited to have him back today to catch up on his Company's progress. TurboSonic provides clean air solutions for industrial applications and is listed on the OTC Bulletin Board with ticker symbol TSTA. Great to talk with you again, Ed.

Ed Spink: Great. I appreciate the invite Wim

Smallcaps.us: In case our listers are in need of a little refreshing on TurboSonic, can you remind us briefly what the Company does.

Ed Spink: Sure. TurboSonic is the global supplier of air pollution control solutions and liquid atomization technologies. I think we offer the most comprehensive line of wet scrubbing and wet pollution control technologies of any of our peer group and we really are quite proud of the advances we have made. We have numerous patents to protect the technology and to demonstrate the advances that we have made and patent is only issued of course for unique inventions. So that's what keeps us on the forefront of wet pollution control technologies.

Smallcaps.us: A fair amount of your business interacts with regulations that govern emissions and pollution control. Incidentally, there have been a few regulatory issues in the news lately. The Portland Cement MACT and a sulfur dioxide regulation both became effective in 2010. How has this affected TurboSonic.

Ed Spink: So far, there hasn't been a dramatic effect, and I think a lot of that has to do with Boiler MACT regulations that the U.S. EPA has been working on for so long, like a decade. They've delayed that to January 16th of this year, and there is a motion before the courts for further delay. We can only wait and see what the Judge will say. I think he is gonna be rather annoyed at the length of the time he has given them under the court order and still they are not yet ready. The SO₂ regulations dovetail with the Boiler MACT regulations. So if you are needing to comply with one you probably need to comply with both and you would more than likely try to put a comprehensive solution that takes in to consideration all of the regulations that are in place, that are envisioned. You also have that 3 year compliance window in most of the U.S. EPA regulations. So until Boiler MACT comes in, we are not going to see a lot activity on the SO₂ regulation. The Portland Cement Regulation is a little bit different, because it is a stand alone. That legislation is capping emissions of mercury, total hydrocarbons, hydrochloric acid and particulate matter. So we are seeing some increased activity in those particular areas as that is a stand alone regulation.

Smallcaps.us: Along with these two regulations, there's been a lot of buzz about the Boiler MACT rule. The U.S. Environmental Protection Agency, or the EPA, was required to publicize final Boiler MACT rules by December 16, 2010. However, a few days before that due date, the EPA asked a federal judge for a 15-month extension for releasing these new rules. Can you give some colour on the Boiler MACT rule itself and on the EPA's decision for extension?

Ed Spink: The EPA has only filed a motion to the Judge to rule on. I haven't been able to find out when he is going to hear that motion. I imagine it must be fairly quickly due to the time frame that we are dealing with. But as I mentioned, I would think he would be very reluctant to grant a 15 month extension, and he is probably more likely to one chastise them and two take a shorter route while still giving some time not to give them all the rope they've asked for.

Smallcaps.us: When the Boiler MACT Rule goes into effect, how will U.S. Companies meet the new regulations? I mean, will all those Companies involved be knocking on TurboSonic's door, or do they have alternatives.

Ed Spink: There are certainly quite a number of Companies that offer solutions to satisfy these requirements. But TurboSonic has developed a very extensive array of references in those specific industries most affected by Boiler MACT and on those applications that are the heart of that new regulation. For instance, we have been in the pulp & paper and other industries where most large plants have their own energy systems to generate steam, power, or both for their processes and to be more energy self sufficient. Some vetting has gone on amongst the largest users of boilers and air pollution control solutions. They are trying to weed out the opportunists and focus on Companies that have established reference bases that address the solutions they are looking for. Nobody wants to be the guinea pig. At TurboSonic we certainly have a very broad range of very satisfied customers who form our reference base that is really what makes the decisions going forward for compliance solutions and Boiler MACT.

Smallcaps.us: Very interesting, and are there any other upcoming regulations on TurboSonic's radar.

Ed Spink: Actually, there is a world-wide push in that area. So in addition to the U.S. regulations that we have discussed, in Europe, they have not MACT or BACT, but BAT which is the Best Available Technology criteria and that's based on cost effectiveness as well as efficiency of pollutant removal. They also have the IPPC, which is the Regulatory Panel focusing on wood products and wood panel board production that focuses on formaldehyde and they are right in the throws of putting together new regulations based on formaldehyde reductions in Europe. It's a rather interesting way they do it, because they have representatives from the industry cooperating directly with the regulatory bodies, in a more self-regulated format. They have the rules of the game and they are there to provide input to make it a realistic, yet stringent requirement that comes into laws as result.

My people have just come back from Europe and had discussions in this regard with some of the members of that panel. So we have been able through that means provide some input and directions to some of the solutions that we offer. And it comes at very good time for us, because we have launched - and you and I have talked previously about our new Catalytic Gas Treatment technology - the first U.S. installations that have been put in place and are operating successfully. We just got some test results back, these are engineering studies, that have shown roughly a 94% destruction efficiency, which is considerably above the 90% that is generally, legally required.

We're in that good spot right now with good viable solutions that do not depend on non-renewable fuels such as natural gas to incinerate those pollutants. It's a much more environmentally friendly solution that we are offering right now, it does not use non-renewable fuels and it offers a payback on investment. So while it is a regulatory solution it is also one that is very cost effective in that there is return on investment compared to some of the other alternatives.

Smallcaps.us: In the past couple of months, you've reported contracts with Wahlco and two other undisclosed Companies, one of which is based in South America. Can you comment on these contracts, that total \$6 million?

Ed Spink: I'm very proud of those accomplishments. One was a \$4 million order in the waste to

energy sector in the United States, utilizing a process off gas that has a fairly high BTU content. In other words, you can burn it. And what they are going to do is, not only solve a pollution problem, but use it to generate power. So it's again a pollution abatement project that has a return on investment. This project has received funding approval from the Department of Energy (DOE) in the United States, so there is a lot of impetus for that. But what makes us so proud is that, that was an International competition where we were shortlisted, while many were not because they truly entered into a worldwide competition for the best technology. And it has shown that TurboSonic's technology does lead the pack with the new innovations we have made and the patents that we have applied for and granted. This technology leads the pack in terms of benefits, up-time and reliability issues as well as the pollution abatement aspect of it.

Smallcaps.us: It's been a turbulent year for the economy and Companies have been slow to spend. What are your thoughts on TurboSonic's financial state and are you optimistic about future contract opportunities?

Ed Spink: We have weathered the storm of the economic meltdown. We came off of a record year fortunately. Now, we're seeing things turn very dramatically in terms of project opportunities on a daily basis. During this morning's sales call I was bringing to the group, a major opportunity that just presented itself last week on Friday that requires a very short time-line. In other words, it would be revenue recognition in the current year. And then others in the groups - some of our sales people - brought other opportunities, that were, just this morning news for us. So that's looking very good. And as you can tell from the \$6 million in new orders that we just announced, one on the waste energy and the other from South America, we are seeing the fruits of a lot of effort by our staff and a pick up in the economy and air pollution control.

One of the things that we have when you talk about opportunities as well though is the investment opportunity of TurboSonic. And right now certainly our stock price is quite depressed. We have largely weathered the storm, we are seeing the pickup, and I think it's an excellent opportunity for investors, given the depressed stock price with a lot of upward potential as things turns.

Smallcaps.us: Just a week or so ago, TurboSonic concluded a rights offering to raise more capital. Can you tell us some more about the offering and if it was successful?

Ed Spink: Thank you. It finished up a week Friday ago and I would say it was fairly successful in this environment for investing and given delays in regulation like Boiler MACT in the U.S. It hasn't been the best environment for investing but we made an interesting offer I think, to especially our U.S. shareholders where President Obama had put in place some very attractive tax treatments. They were offering a 100% exemption for capital gains on investments made through vehicles like our rights offering. So we did make a pretty good return on that and that's really what we were looking for to help seize the opportunities as we see them materialized in the improving economy that we are now seeing.

Smallcaps.us: Great. Thanks so much for your time and insight. And I hope you will join us again in the future as we keep an eye on TurboSonic and its potential.

Ed Spink: Thank you, I appreciate it.

Interview Feedback

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<http://smallcaps.us/turbosonic-interview-new-year-new-regulations-new-prospects>.

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