

Manufacturing Facility Proposal

Regarding the set-up of your first Manufacturing Facility

July 14, 2021



Table of Contents:

Summary.....	Pg. 1
Manufacturing Facility Team.....	Pg. 2
Manufacturing Facility Location.....	Pg. 3
Manufacturing Facility Costs.....	Pg. 4-7
Manufacturing Facility Timeline.....	Pg. 8-9
Product Unit Costs.....	Pg. 10

Summary

Setting up the first manufacturing facility for a new technology is a rigorous process for any company to undertake. Included in the payment of the first annual licensing fee is the build out and operation of your first manufacturing facility. Our team for this task principally includes the Patent Inventor, a Valley Dealership Owner and the Technology License Manager; all of whom are engineers and business owners themselves. Once this first facility is operational, it will provide a template for Valmont to duplicate manufacturing facilities at different strategic points around the globe as they see fit.

The licensing fee to manufacture our technology is \$5 million per year. This fee can be paid in cash or invested into manufacturing. We anticipate that as part of your final licensing agreement, this first year's licensing fee will be split into two sums. The first sum will be \$1 million dollars paid to the Patent Holder as compensation for his intellectual property and for engineering consulting on manufacturing set up. The second sum will be \$4 million and will be used to set up and operate the first manufacturing facility for the first year.

Valmont's principal product containing this technology will likely be a mobile unit we designed to desalinate 125 acres of brackish water agricultural land per year. The cost to produce, deliver and install this unit will be \$60,000. The cost to service and maintain the unit over 10 years will be less than \$40,000. Each unit will be leased for a minimum of \$250,000 per year and yield Royalties of a maximum of \$260,000 per year. At least half of these fees will be kept by Valmont as Net Profit each year; resulting in a minimum \$250,000 profit per unit per year.



While Valmont markets this technology to its agricultural clients, the Technology Team will pursue installation of our technology at large commercial operations like desalination plants and mining extraction operations. The same component parts needed to construct Valmont's mobile desalination units are the same component parts needed for these larger commercial operations. These facilities will need unique configurations of the Technology and we plan to purchase the component parts from Valmont manufacturing facilities. This constitutes a second profitable book of business that Valmont can benefit from as our manufacturing licensee.

Manufacturing Facility Team

Anthony Orler, Crystal Newton and Elmer Bloom are the principal members of the manufacturing facility set up team.

The rest of the manufacturing team members will be assembled from the current Valley Dealership team in Winnemucca, NV. This dealership will be transitioned to a new company in January, 2022; making its team available to start this new venture.

Anthony Orler (“Mr. Orler”) is the Inventor of the Technology and the owner of the Patent. Outside of being an inventor, Mr. Orler is an engineer, an attorney and has constructed many versions of the Patent prototype. As part of the licensing agreement to use the Technology, Mr. Orler offers his engineering consulting at all stages of manufacturing and distributing the Technology. Mr. Orler will be instrumental in engineering Valmont’s products and designing their manufacturing facilities. His engineering experience is vast but most notably; he was the lead engineer on the Cassini Space mission to Saturn. Mr. Orler has many Patents currently employed by the US Government, the Military and the Aerospace Industry.

Crystal Newton (“Ms. Newton”) is the Licensing manager for the Patent and tasked with developing the manufacturing and distribution of the Technology. Ms. Newton has extensive experience developing businesses within highly regulated and emerging industries. She has assembled supply chains, engineered manufacturing facilities, designed and formulated consumer products, consulted governments on industrial legislation and has built many of her own businesses. The last business she set up was the first Industrial Hemp Farm in Nevada; this business reached a \$100 million valuation within 5 months of her starting it. Ms. Newton started developing this technology in 2020 and believes it will be a multi-trillion dollar industry within the next decade.

Elmer Bloom (“Mr. Bloom”) has been an irrigation system specialist for decades and runs the current Valley dealership out of Winnemucca, NV and Ely, NV. He has been working with Ms. Newton since January 2020 and the two have developed a business mentorship relationship. Mr. Bloom has established trust with Valmont Industries as a reliable and capable vendor of its products for decades. At one point, Mr. Bloom invented the dual span pivot which was acquired by Valmont in 2005. The Valley dealership in Ely, NV and Winnemucca, NV are transitioning to another business in 2022; leaving Mr. Bloom to pursue this new venture. Mr. Bloom’s vast experience in irrigation system configuration, enthusiasm for the Technology and long-standing relationship with Valmont make him perhaps the most important person for the overall success of our proposed Manufacturing Partnership Venture.



First Manufacturing Location

We believe that the principal adopters of our Technology will be in the desalination, mining and agricultural industries. The State of California and the State of Nevada offer huge markets and a manufacturing facility constructed in this region would maximize the Technology's market adoption success. California is allocating \$100 billion to desalination infrastructure and has a substantial saltwater intrusion issue in their agricultural industry. Northern Nevada's top industries are mining and agriculture. Both California and Nevada are seeking clean fluid separation Technologies to address their current unsustainable systems.

Our Technology is the solution they are looking for and we want to be positioned appropriately to service this new massive demand.

California is notorious for being a difficult place to do business in and for many reasons. Labor is expensive, permitting is difficult, taxes are high, real estate is high and timelines to production are commonly encumbered for a multitude of reasons. Nevada, on the other hand, offers the opposite business environment of California. Aside from being friendly to manufacturing, Nevada has several railroad lines leading directly to California. By locating our first manufacturing facility in Northern Nevada, we will be able to easily access the markets featured in both States while removing as many manufacturing constraints as possible.

We have identified a location for manufacturing in Winnemucca, NV. This location is currently a Valley Dealership operated by Mr. Bloom. This dealership will be taken over by Carter Agriculture on January 1, 2022, and they will use their current location to administrate the Valley dealership. This makes the previous Valley dealership location at 3095 Potato Rd in Winnemucca available to acquire as our manufacturing facility. The shop is 7,500 sq feet, has a ceiling height of 35 feet, can accommodate our manufacturing needs, has a 2-acre lot and is zoned for industrial manufacturing. It is located within a few hundred yards away from the railroad line and has direct access to Interstate 80; both of which offer direct routes to the California Coastline and Northern Nevada Mining Operations.



It is important to consider the relationship a manufacturing facility will have within its local jurisdictional and business community. Most of our

team has had a presence in, and has established trust with, the City of Winnemucca. This will make it easier for us to navigate regulations and achieve our commercial operational goals. Our team already knows the local business vendors and can source all of our manufacturing needs quickly through our established networks. The current Valley dealership will be transferring to new ownership on January 1, 2022, leaving that team available to transition to working for our manufacturing facility. All together; this location offers a streamline pathway to setting up Valmont's first manufacturing facility for our Technology.

Manufacturing Facility Costs

Investment in setting up Manufacturing for the Technology can be credited toward satisfying your \$5 million annual licensing fee obligation. Out of this fee, a minimum of \$1 million dollars will go directly to the Patent Owner. Valmont can choose to invest the sum of \$4 million into manufacturing to satisfy the remaining annual license fee obligation. We are offering to set up and operate the first manufacturing facility as a subcontractor and have outlined the costs for us to do so. The manufacturing investment funds would be held in Trust and a representative of Valmont would act as the Trustee. Each week of manufacturing set up, our team will submit invoices and purchase orders to the Trustee to request a release of funds. The use of a Trust instrument and the appointment of a Trustee essentially gives Valmont managerial control over the set-up of its first manufacturing facility.



Summary of Costs

Manufacturing Facility Annual Lease	\$48,000.00
Manufacturing Annual Utilities	\$36,000.00
Manufacturing Annual Insurance	\$36,000.00
Manufacturing Facility Remodel	\$250,000.00
Manufacturing Equipment	\$1,000,000.00
Manufacturing Supplies	\$1,000,000.00
Manufacturing Team Annual Salaries	\$500,000.00
Manufacturing Team Transportation Vehicles	\$200,000.00
Product Assembly	\$200,000.00
Product Distribution	\$200,000.00
<i>Contingency/Miscellaneous Budget</i>	<i>\$530,000.00</i>
Total Cost of Manufacturing Set Up for First Year	\$4,000,000.00

Manufacturing Facility Acquisition

Lease: \$48,000 per year // Purchase: \$650,000 - \$1,000,000

The proposed manufacturing facility is located at 3095 Potato Rd, Winnemucca, NV 89455. This property is zoned M-1 (manufacturing) and has two direct distribution routes to California; the Union Pacific rail line and Interstate-80. This is the location of the current Valley dealership and will be available for lease or purchase at the end of 2021. Elmer Bloom is currently in control of this property; enabling us to start work transitioning this facility immediately. The current lease rate at this property is \$4,000 per month and can possibly be acquired for \$650,000 - \$1,000,000.

Manufacturing Utility Expenses

\$36,000 per year

Utility costs include Internet, Water, Electricity and Security Systems. The majority of costs associated with Utilities will come from our Electrical demand. We estimate our Electricity bill to be between \$2,000 - \$2,500 per month to operate various electrically demanding equipment. The Water, Security system and Internet will cumulatively cost less than \$500 per month. We anticipate our total Utility expense to be less than \$3,000 per month.

Manufacturing Insurance Expenses

\$36,000 per year

The facility will need business insurance to cover our manufacturing and business activities. The current cost of business insurance at the proposed location is \$2,800 per month. We don't anticipate this rate increasing substantially over the next year and so we have budgeted \$3,000 per month for business insurance.

Manufacturing Facility Remodel

\$1,000,000 first year

We will hire a construction company to remodel the space to suit our manufacturing needs. This will include electrical rewiring, concrete floor development, HVAC configuration, safety stations, work bench installation, storage shelving installation, a sand blasting/paint booth and security system installation. Materials will cost less than \$500,000 and construction contracting will cost less than \$500,000. We estimate the preparing the building for manufacturing will cost less than \$1,000,000.

Manufacturing Equipment

\$1,000,000 first year

A large part of our Manufacturing needs will involve PVC pipe alteration. Using preformed pipe we will bend, cut and weld pieces together to build the majority of the Technology delivery system. These processes require things like saws, hot bath sinks and plastic welders. Assembly team members will require things like work benches, safety gear, wenches, a forklift, materials shelving and grinders. The shipping containers will need a finished surface and that will require sand blasters, paint sprayers and a paint booth. The Electromagnetic coil will require a copper threading machine and winder. There are several parts of our product that contain metal or require the alteration of metal. Equipment for these needs include soldering irons, welding torches, a CNC machine and a plasma cutter. We estimate the cost of this equipment for the year will be \$1,000,000

Manufacturing Supplies

\$1,000,000 first year

Manufacturing supplies are in a different category apart from manufacturing equipment. Supplies are those items that the equipment will work on or work with. Those supplies include various types of metal, various sizes of PVC plastic piping, nozzles, seals, nuts, bolts, gears, metal paint, plastic weld, plasma gas, flexible tubing and shipping containers. We estimate that the supplies needed for the year will cost \$1,000,000.00.

Vehicles

\$200,000 first year

We will need three company vehicles to execute the various aspects of setting up and operating the manufacturing facility. The budget to acquire these vehicles will be \$120,000, or, \$40,000 per vehicle. Insurance, gas, maintenance, registration, seasonal tires and cleaning are additional expenses. We estimated those costs to be \$2,000 per vehicle, per month. The total cost of purchasing, operating and maintaining these vehicles for the year will be about \$200,000.

Product Assembly

\$5,000 per unit // \$200,000 for 40 units (year goal)

Our end product will not be fully assembled prior to shipment to its final installation site. The shipping container will be packed to protect delicate components during shipping. Once the container arrives at its final destination, it will need to be fully assembled and connected to the infrastructure on site. We anticipate that Valmont engineers will be recruited to complete this process and we have set aside \$5,000 per unit to complete installation. If Valmont is unable to service this process, we would use these budgeted funds to hire a third-party engineer to execute assembly and installation.

Shipping & Site Installation

\$5,000 per unit // \$200,000 for 40 units (year goal)

Once the product is ready for shipment, it will need to be delivered to its final destination. This can be achieved by either semi-truck shipment, rail line shipment or a combination thereof. The Railroad is cheaper to execute than semi-truck but may not be immediately or regularly available for our timelines. As such, we calculate the cost of shipment based on semi-truck delivery and based on a 1,000-mile distribution radius. The cost of transporting a mobile unit from Winnemucca, NV to Stockton, CA, for example, will cost between \$3,000-\$5,000. For this reason, we estimate the distribution costs of our mobile units to be \$5,000 per unit.

Manufacturing Team Salaries & Vendor Costs

\$500,000 per year

We will need five full time salaried positions to execute the majority of operations at the manufacturing facility. Those salaries will include healthcare benefits and cost an average of \$60,000 per year, per person; for a total of \$300,000 for the year. We anticipate that several vendors will be contracted to complete manufacturing items that we cannot accomplish ourselves. This includes items such as specialty fabrication, specialty parts molding and equipment maintenance. We estimate that the total cost of these vendors will be no more than \$200,000 per year.

Timeline

We estimate the timeline for setting up the manufacturing facility to making it operational will be 4-5 months. From months 5-12, we plan to be manufacturing the Technology product and its component parts. Our goal is to assemble, deliver and install 40 Technology units by month 12.

Each week of the 12-month timeline a request for funds will be submitted from the manufacturing facility team to the Valmont appointed Trustee for approval.

Month 1

- Manufacturing floor plan configured
- Manufacturing team assembled
- Product parts identification & ordering
- Manufacturing equipment identified and ordered
- Vendors identified
- Distribution vendors identified
- Prototype performance evaluation begins
- Marketing materials developed
- Valmont Trust & Trustee in place
- Valmont Trustee meetings begin
- Manufacturing facility secured
- Staff training

Month 2

- Manufacturing floor construction
- Manufacturing team component assembly
- Product parts arrival & organization
- Manufacturing equipment arrival & installation
- Vendors contracted
- Distribution vendors contracted
- Prototype performance evaluation continues
- Marketing materials finalized
- Valmont Press Release
- Valmont Trustee meetings ongoing
- Public advertising & presales begin
- Staff training ongoing

Month 3

- Manufacturing floor construction completed & tested
- Product parts ongoing inventory
- Manufacturing equipment installation, testing & training
- Prototype performance evaluation ongoing
- Product assembly training
- Product presales ongoing
- Valmont Trustee meetings ongoing
- Manufacturing team assembly continues

Month 4

- Manufacturing floor construction completed & tested
- Product parts ongoing inventory
- Manufacturing equipment installation, testing & training
- Prototype performance evaluation ongoing
- Product assembly begins
- Product presales ongoing
- Valmont Trustee meetings ongoing
- Manufacturing team assembly continues

Month 5

- Product parts ongoing inventory
- Manufacturing equipment maintenance
- Prototype performance evaluation
- Product assembly ongoing
- Product presales ongoing
- Valmont Trustee meetings ongoing
- Presales ongoing
- Distribution vendors schedule set up

Month 6

- Product parts ongoing inventory
- Manufacturing equipment maintenance
- Prototype evaluation completed
- Product assembly ongoing
- Product presales ongoing
- Valmont Trustee meetings ongoing
- Presales ongoing
- Distribution schedule set up

Month 7

- Product parts ongoing inventory
- Manufacturing equipment maintenance
- Product assembly ongoing
- Valmont Trustee meetings ongoing
- Presales ongoing
- Distribution vendors scheduled
- Final site installation training

Month 8

- Product parts ongoing inventory
- Manufacturing equipment maintenance
- Product assembly ongoing
- Valmont Trustee meetings ongoing
- Presales ongoing
- Distribution vendors scheduled
- Final site installation training

Month 9

- Product parts ongoing inventory
- Manufacturing equipment maintenance
- Product assembly ongoing
- Product presales ongoing
- Valmont Trustee meetings ongoing
- Distribution vendors first pick up
- First site installations: 4

Month 10

- Product parts ongoing inventory
- Manufacturing equipment maintenance
- Product assembly ongoing
- Product presales ongoing
- Valmont Trustee meetings ongoing
- Distribution vendors ongoing delivery
- Site installations: 12

Month 11

- Product parts ongoing inventory
- Manufacturing equipment maintenance
- Product assembly fully operational
- Product presales ongoing
- Valmont Trustee meetings ongoing
- Presales ongoing
- Distribution vendors ongoing delivery
- Site installations: 12

Month 12

- Product parts ongoing inventory
- Manufacturing equipment maintenance
- Product assembly fully operational
- Product presales ongoing
- Valmont Trustee meetings ongoing
- Presales ongoing
- Distribution vendors ongoing delivery
- Site installations: 12

Cost to Manufacture Unit

Below is an estimate of the total cost to manufacture, assemble, deliver and install the Technology unit.

We believe this cost will be \$60,000.00 per unit.

40 Foot Shipping Container	\$4,500.00
Shipping Container Paint & Sand Blast	\$800.00
Water Pumps (10 pumps x \$300/ pump)	\$3,000.00
Shipping Container Reinforcement Steel	\$1,500.00
2,500 Gallon Vertical Water Tanks (2 units x \$2,000/unit)	\$4,000.00
Water Container Heaters (2 x \$50/heater)	\$100.00
One Thousand Feet PVC Piping (~\$3/foot)	\$3,000.00
Plastic Weld (20 quarts @ \$30/quart)	\$600.00
Water Flow Meters (3 units x \$400/unit)	\$1,200.00
One CPU (Computer; Satelite Capable)	\$4,000.00
Air Vent Fans (8 units x \$250/unit)	\$2,000.00
Copper Coil	\$4,000.00
One Electrical Panel	\$2,000.00
Electrical Wiring	\$700.00
Container Shelving and Supports	\$2,000.00
Nuts, Bolts & Washers	\$1,000.00
Recirculator Containers (8 units x \$250 / unit)	\$2,000.00
Stainless Steel Riveted Strips	\$300.00
Overflow & Holding Tanks	\$2,000.00
Manufacturing & Assembly Labor (\$25/hr x 400 hours)	\$10,000.00
Manufacturing Utility Demand	\$1,000.00
Completed Unit Shipping to Installation Site	\$5,000.00
Installation at Final Location	\$5,000.00
Total Cost to Manufacture, Deliver & Install Unit	\$59,700.00