Maine Biomass Exports, Inc.



Exporting Maine's Forests to the World

Arthur T. House, President/CEO December 18, 2017

Forward Looking Statements:

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Executive Summary

Maine Biomass Exports (MBE) is an active exporter of raw timber – logs, currently exported in shipping containers. MBE is preparing for an initial vessel load of raw logs to China in early 2018. Logs are destined for China for construction lumber and furniture manufacturing. Two additional vessel shipments are anticipated to load with wood chips for China paper manufacturing. These primary export commodities are offered while MBE's primary business of manufacturing and exporting "Biomass" renewable energy wood chips to combined heat & power plants in the EU could commence late in the 3rd quarter of 2018. Existing, performing export contracts for saw logs in containers exceeds \$8 million.

Additionally, MBE is under a LOI with a household name for the supply of woodchips to China, in which MBE will supply two vessel loads of Hemlock Wood Chips for paper manufacturing. The base contract calls for FOB delivery with a combined two-load quantity of 36,000 bone-dry metric tonnes of chips or roughly equal to \$4.4 million. As MBE was established to operate as a fiber hub for exports to its global clientele, there are natural and significantly developed tangent books of business allowing MBE to process any and all residual materials into precisely defined markets that include supplying the bark mulch industry, the largest rail-road tie manufacturer in North America headquartered in Quebec, firewood processing and wholesale distribution and miscellaneous sawdust and shavings from chipping operations. These peripheral fulfillments currently being supplied are expected to exceed \$4 million.

MBE has executed contracts for the long-term supply of biomass wood chips for use in the production of combined heat and power (CHP) throughout the EU. To address internationally mandated criteria, MBE anticipates building a multifunctional wood chip processing, manufacturing, Phytosanitation heat treatment facility. Phytosanitation name plate production capacity is designed to initially process and manufacture approximately 300,000 metric tonnes per year (MTPY) for export to the EU for combined heat and power (CHP) production. Phytosanitation production will reach 500,000 MTPY by year two.

In collaboration with the designer, patent holder and manufacturer of the Phytosanitation System, MBE has developed a proprietary system, fully tested, field approved and sanctioned by USDA-APHIS, for meeting and exceeding stringent requirements for the export of wood chips under both EU and US Phytosanitation mandates. The Company obtained the first USDA-APHIS approval for Heat Treated – Phytosanitized Wood Chips for export. A first shipment of heat treated chips was received in Germany in October of 2014. MBE had successful accomplished a full cycle production heat treatment and export transaction to Germany. MBE developed a Trademarked ($E=MC^3 TM$) production and processing system and methodology for compacting and baling wood chips for export thus, substantially mitigating costly density-stowage issues inherent to wood chip carrier transportation, thereby decreasing dependency on a small fleet of super chip carrier vessels and opening export to Handy size vessels in abundant availability at lower costs. Shipping more volume in smaller ships is a formidable cost containment strategy we strive to perfect.

MBE has site control of operational bulk-handling and log processing yards situated at two deep-water ocean going port facilities in Maine. The port of Searsport yard is 21 acres and the port facility of Bucksport is currently 10 acres (pending expansion under planning and DEP review). Both facilities are strategically situated to provide exclusivity in terms of available land at these ports from which to export its products. Additionally, while headquartered in Searsport, MBE owns a 20 acre commercial site for planned construction of its heat treatment plant in Stockton Springs (roughly 5 miles from either Searsport or Bucksport docks). Necessary for seamless and low cost supply of fiber for MBE operations, the company has site control and use of several rail sidings throughout Maine situated on the Central Maine & Quebec Rail with direct service to the port of Searsport and on the Pan Am Rail with its direct service to the MBE yard at the old Verso Paper Mill in Bucksport. Thus, MBE has its facilities at two deep water ports in Maine and those ports are the only two ports with direct rail connections to the facilities.

In conjunction with planned retrofitting of loading systems at Searsport and the implementation of a container port service and log loading facility in Bucksport, MBE can commence with export operations to a much wider scale. As indicated above, the export business accounts for existing sales of \$14 million with annual contracts in hand for approximately \$30 million in heat treated biomass and \$10 million in MDF.

MBE is currently negotiating a supply contract for additional biomass exports to powerful buyers such as DONG energy, Bord na Mona and giant firms such as the GDF Suez - Polaniec Biomass Power Plant, Poland.

Previously, the Company developed a comprehensive Florida Citrus chipping, distribution and export operation, harvesting citrus residue from 170,000 acres of plantations throughout Florida. Fumigation issues were prevalent in the process and the chipped materials were contracted by MBE to Ineos, GREC and other power producers in Florida. With the proliferation of the wood pellet demand for energy in the EU, MBE focused on the essentials of building a durable supply chain and export fulfillment of the same. Recognizing earlier than others in the market, MBE predicted that wood chips would be the unheralded commodity for the EU once a system for fumigation was devised and the extraordinary cost of ocean voyage could be mitigated. Therefore, a stealth approach was taken to enter the Phytosanitation market ahead of others. MBE focused on major power companies that would not be retrofitting for pellet consumption and also on pellet manufacturers that would require quality wood chips at a ratio of 2:1 relative to their output.

No other company focused on wood chips prior to MBE correctly identifying and segmenting the biomass and MDF export demand as extraordinary markets to be served. The underlying success of MBE lay in building a proprietary supply chain, which exploited the grossly underutilized rail line and Ports of Searsport and Bucksport. MBE created strategically cost savings by establishing its facilities actually on the rail (*not near it or around the corner*), eliminating costly truck transportation, placing rail siding for log collection deep into remote areas of Maine where loggers were traditionally shut out of the process due to distance, developing a heat process that produced a fiber, devising a method to bale chips to gain density and storability without requiring a building and making a commodity capable of shipment on Handy vessels rather than the highest cost – least available Wood Chip Carriers. This low cost provider strategy with seamless supply network has uniquely positioned MBE to be the market leader in exporting fiber, satisfying a global demand and reinvigorating the forest industry in Maine.

MBE is widely recognized in industry and is called upon for speaking engagements, has published multiple industry related articles, and is proficient in every level of forest harvesting, logging, trucking and production. Combined with international resume of agricultural accomplishments such as on Haiti for the government of Haiti after the earthquake, his work with top Universities and professionals, MBE through its President/CEO is highly qualified for this venture.

1.0 Maine Biomass Exports, Inc. – The Company

1.1 Introduction

Maine Biomass Exports, Inc. ("MBE") is engaged in the wood manufacturing and wood export business generally classified within the master SIC designation 241105. MBE was advantageously established as a 'Fiber Hub' intentionally planned to aggregate, process and manage large bulk quantities of forest products originating as raw freshly harvested logs which are then processed, utilizing value-added operational procedures, and then exported to global markets.

1.2 Mission Statement

MBE will contribute to a healthy global environment by strengthening local Maine economies; enhancing logging businesses; assuring, meaningful and sustainable employment; improving energy security and trade balance through sensible costcontainment biomass energy programs and sustainability policies.



1.3 Funding Requirements – Overview

		Labor		Materials	Ve	ndor - Services	E	quipment		Sheet Total
Category Funding										
Log Export Operations - Containerized										
Bucksport Facilities Engineering	\$	-	\$	-	\$	15,000	\$	-	\$	15,000
Site Prep at Container Pad	\$	6,000	\$	5,000	\$	-	\$	-	\$	11,000
Security Fence at Gateway	\$	3,500	\$	4,000	\$		\$	-	\$	7,500
Log Loader (Tiger)	\$	-	\$	-	\$	-	\$	50,000	\$	50,000
Container Loader - Reach Stacker	Ş	-	\$ 	-	Ş ,	-	Ş İ	75,000	Ş	75,000
Tractor Cab for Log Hauling	Ş	-	Ş	-	Ş	-	Ş	21,000	Ş	21,000
Log Trailers - Yard Movement Only	Ş	-	Ş	-	Ş	-	Ş	18,000	Ş	18,000
New Employees (Training Safety TWIC Etc.)	ç ç	-	ې د	5,000	ې د	15,000	ې د	-	ې د	20,000
Bark Conveyor - Trommel System	Ś	5,000	ې د		ې د		ې د	15 000	ې د	15 000
Skid Steer - Yard Sweener	Ś	-	Ś	_	Ś	-	Ś	15,000	Ś	15,000
Fiber Procurement - Inventory	\$	-	\$	25,000	\$	-	\$	-	\$	25,000
Nematode Testing Drill Press	\$	-	\$	-	\$	-	\$	7,500	\$	7,500
Container Loading System (Replicate)	\$	-	\$	-	\$	-	\$	14,000	\$	14,000
Tri-Axel Container Chassis - Port Logistics	\$	-	\$	-	\$	-	\$	22,000	\$	22,000
Administrative Staff Enhancment	\$	25,000	\$	-	\$	-	\$	-	\$	25,000
Sub-Total PHASE I	\$	43,500	\$	39,000	\$	30,000	\$	237,500	\$	350,000
Log Export Operations - Vessel Bulk Loading		Labor		Materials	Ve	ndor - Services	E	quipment		Sheet Total
Site Prep - Log Laydown at Dockside	\$	-	\$	25,000	\$	10,000	\$	5,000	\$	40,000
Infrastructure Improvements	\$	-	\$	10,000	\$	15,000	\$	5,000	\$	30,000
Precision Debarker (Nortrax)	\$	-	\$	-	\$	-	\$	327,000	\$	327,000
Dock-Loading Area Construction/Repairs	\$	-	\$	-	\$	25,000	\$	-	\$	25,000
Cables/Harnesses/Quick Release Equipment	\$	-	\$	-	\$	20,000	\$	40,000	\$	60,000
Bark Conveyor - Trommel System	\$	-	\$	-			\$	22,000	\$	22,000
Fiber Procurement - Inventory	\$	-	\$	50,000	\$	-	\$	-	\$	50,000
On-Site Fuel Tanker (Diesel)	\$	-	\$	-	\$	-	\$	12,000	\$	12,000
Tractor Cab for Log Hauling	\$	-	\$	-	\$	-	\$	21,000	\$	21,000
Log Trailers - Yard Movement Only							\$	18,000	\$	18,000
Telestacker - Chip Loading System - ROTO/Conveyor	Ş	-	Ş	-	Ş	-	Ş	1,265,000	Ş	1,265,000
Whole Log Debarker/Chipper - Paper Quality	Ş	-	Ş	-	Ş	-	Ş	1,195,000	Ş	1,195,000
Over Sized Front End Loaders - Feeder to Telestacker	¢	-	Ş	-	Ş ¢	-	Ş	225,000	Ş	225,000
New Employees (Training Safety TWIC Etc.)	ç ç	- 25.000	Ş ¢	-	ې د	-	ې د	110,000	ې د	30,000
Development Expenses	\$	-	Ś	_	Ś	70,000	Ş	_	Ś	70,000
Sub-Total PHASE II	Ś	25,000	Ś	85,000	Ś	145 000	\$	3 245 000	Ś	3 500 000
Wood Chin & Biomass Processing Center	Ŧ	Labor	Ť	Materials	Ve	ndor - Services		auinment	Ŧ	Sheet Total
Pre-Engineering/Design (AECOM, TDC, SEC, W&C)	Ś	-	Ś	-	Ś	45.000	Ś	-	Ś	45.000
Pre-Construction - Budgeting - CPM	Ś	-	Ś	-	Ś	75.000	Ś	-	Ś	75,000
Permitting/Authorizations	\$	-	\$	-	\$	42,500	\$	-	\$	42,500
General Requirements	\$	25,000.00	\$	7,500	\$	30,000	\$	20,000	\$	82,500
Site Construction	\$	23,000	\$	35,000	\$	23,750	\$	-	\$	81,750
Concrete	\$	-	\$	-	\$	7,500	\$	-	\$	7,500
Masonry	\$	-	\$	-	\$	5,400	\$	-	\$	5,400
Metals	\$	-	\$	-	\$	3,500	\$	-	\$	3,500
Woods & Plastics	\$	-	\$	-	\$	65,000	\$	-	\$	65,000
Thermal & Moisture Prot.	\$	2,000	\$	3,500	\$	-	\$	-	\$	5,500
Doors & Windows	\$	3,000	\$	2,700	\$	-	\$	-	\$	5,700
Finishes	\$	2,500	\$	1,500	\$	-	\$	-	\$	4,000
Specialties	Ş	-	\$ _	10,000	Ş ,	40,000	Ş İ	-	Ş	50,000
Equipment	Ş	20,000	Ş	65,000	Ş	-	Ş	-	Ş	85,000
Silu Special Construction Modularized Plant (Shipped)	¢	-	ې د	200,000	Ş ¢	-	Ş ¢	-	Ş ¢	200,000
Special Construction Modularized Plant (Shipped)	ç	-	Ş ¢	-	ې د	4,800,000	ې د	-	Ş	4,800,000
Internal Trommel/Conveying Systems	ç ç		د د	45,000	ڊ خ	45 000	ڊ خ	25 000	ې د	45,000
Mechanical (Allowance)	ر ۲	-	ŝ	-	Ś	200 000	Ś	145 000	Ś	345 000
Electrical (Allowance)	Ś	-	Ś	-	Ś	200.000	Ś	145.000	Ś	345.000
Funding Fees & Origination Costs	\$	-	\$	-	\$	95,450.25	\$		\$	95,450
Legal - Consulting Fees	\$	-	\$	-	\$	75,000	\$	-	\$	75,000
Development Expenses	\$	-	\$	-	\$	200,000	\$	-	\$	200,000
EPC - AECOM Design Procure, Manage, Operation	\$	-	\$	-	\$	416,200.02	\$	-	\$	416,200
Sub-Total PHASE III	\$	75,500	\$	370,200	\$	6,369,300	\$	335,000	\$	7,150,000
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3.1.1 Phase I Containerization – Barging

Log exports are ongoing with between 20 to 25 containers weekly loaded for export currently via truck to Boston. Container export operations are poised to expand – immediately – with weekly container exports of 25 per week with current capacity to reach 50 per week in mid-January 2018 and expanding to in excess of 50 per week by February 2018. Phase I will accomplish the entire infrastructure, equipment acquisition and implementation for progressing toward exporting containers by barge to NY/NJ or along the Eastern seaboard, as may be determined. Phase I requires expenditures by either debt/equity to fully engage immediately. This can be accomplished by a commitment to the funding of the requisite \$350,000 over a 4 month period with the first tranche in late December 2017 or early January 2018 – with distributions through February and March of 2019. MBE anticipates grant funding to be made available in the 1st quarter of 2019 through such entities as MaineDOT, Office of Freight Transportation, (Intermodal Rail Access Program – IRAP). MBE was approved earlier for a \$750,000 grant.

This containerized export Phase I can continue full force throughout the winter months and grow rapidly with minor but structured and timely expenditures. Moving toward barge service is the most efficient manner in which MBE can accomplish multiple goals simultaneously. Workforce requirements will remain steady and begin to grow quickly, additional contracts can be acted upon immediately, the barge service to and from the general Searsport/Bucksport – Penobscot basin area will provide efficiencies that will positively impact MBE's operating margins to provide stable growth for the Company as well as to better serve buyers in a competitive manner.

3.1.2 Phase II Bulk Loading – Logs and Wood Chips

Log export by bulk loading to vessel can commence in early March 2018. The utilization of a barge/tug assist will accommodate the first one or two loads. Current log contracts, together with several extended purchase order indications, are for Hemlock, a softwood conifer, which must be debarked prior to loading and exporting. MBE currently operates a Precision debarker and has identified a second debarker system necessary for Phase II. Favorable terms for either lease/own acquisition for the second debarker has been negotiated in advance pending the decision to expand. Phase II requires investment or funding preferably by debt instrument. It is likely that Phase II may be heavily supported by two key constituents to this program – as enunciated in this document. One company may provide funding for the debarker chipping system – required for wood chip exports to China for paper manufacturing. The expenditure will be amortized by accommodation in an adjustment to the processing cost of wood chip processing until the system has been fully paid. A preferential long-term commitment to this client/buyer would ensure below market rates could be afforded for longer term contracts.

A globally recognized shipping company is contractually engaged with MBE to provide up to \$1 million for approved infrastructure improvements, equipment or other loading apparatus, necessary for loading bulk freight at the port. This enduring relationship may provide for the funding for a Telestacker system which could be amortized by MBE over the duration of vessel loading projects – or, it is likely that this company or the stevedoring/port operator will acquire the system for loading of other vessels and commodities in excess of MBE export traffic. In that alternative the stevedoring firm will acquire this system entirely on its own and thus reduce the overall MBE budget whereas MBE would be charged a fee for use of the loading system at each vessel load – where the loading price would be built into MBE contract price to its buyers. MBE is heavily engaged in grant funding applications with two major Maine entities for a significant amount of the appropriate levels of funding necessary for this Phase. Most funding sources, such as those already applied for, will require some form of matched funds. There is a very high probability that MBE may be able to attract a mixture of debt/equity or grant funding for approximately \$500,000 to \$750,000.

3.1.3 Phase III Heat Treatment Facility

The entire construction of the Heat Treating System can be accomplished in a 10 to 11 month time frame. MBE can be fully operational – commissioned and turn-key by the end of the 4th quarter of 2018 for its first export shipments in the 1st quarter of 2019. Once Phase I and Phase II are operational, MBE will engage Investment Bankers, already interested in this project and work toward the funding of Phase III from sources likely to be outside the group or groups in Phases I and II. Phase III is a stand-alone Phase in that Phase I and Phase II are articulated in a manner entirely consistent with and supportive of fully operationalizing teach respective operation. As with Phase I and Phase II, the funding process can be brought along over a period of many months where key payments would only be required for engineering,

permitting and deposit purposes. AECOM, the largest engineering firm in the US is the EPC Engineer on this project.

3.2 Sustainable Forest Management Practices

The underlying resolve of MBE is to harvest, manufacture and provide end products in an efficient and sustainable process to not only ensure clients of optimal performance, quality and pricing but, also to do so in such a manner as to be consistent with the needs and expectations of reducing our Carbon Footprint in our global environment. MBE adopts its SFM Philosophy, as defined by the Ministerial Conference on the Protection of Forests in Europe (FOREST EUROPE), which has since been adopted by the Food and Agriculture Organization (FAO), in a sustainable forest management program is the stewardship and use of forests and forest lands in a way, and at a rate, that maintains their biodiversity, productivity, regeneration capacity, vitality and their potential to fulfill, now and in the future, relevant ecological, economic and social functions, at local, national, and global levels, and that does not cause damage to other ecosystems.

3.3 Products for Export

Phytosanitized - Heat-Treated E=MC³ © Energy Chips

The first production line capacity is 165,000 Metric Tonnes per Year for a minimum 10 year potential contract with a perfectly aligned back-haul product to a local power plant. This perfectly aligned synergy allows MBE to produce and deliver Heat Treated/Baled biomass chips below market rates but not below desired margins. The second production line capacity of a one-line Phytosanitation System shall produce approximately 310,000 tons per year in sanitized wood chips for export or equivalent to approximate thirty thousand (30,000) US Tons or twenty seven thousand two hundred seventy (27,270 Metric Tonnes) per month for a period of ten (10) years to Top Tier buyers. HTWC facility will be the first in the nation and the only HTWC process approved by USDA-APHIS. All LOI's and contracts include price escalators and Take or Pay clauses. Export product will be provided primarily in bulk cargo but will be offered as a baled & wrapped commodity as well. The following represents a thoughtful review and analysis of the "Justification" for building our Heat Treatment System to fill the demand for export of Biomass – Heat Treated Wood Chips to the EU:

"On June 17, 2014 the European Union published amendments to its principle plant health directive (Council Directive 2000/29/EC) which regulates the import of plants and plant products including forestry products. Member countries of the European Union are to adopt the requirements within their laws, regulations, etc. by 30 September 2014. The Requirements will come into force for imports arriving on or after October 1, 2014. Wood must be: - heat Treated or.... by using approved processes. At present the E.U. has not approved any fumigation products. Heat treatment is defined as the application of 56 C for a minimum duration of 30 continuous minutes throughout the entire profile of the wood (including at its core)."

When exporting wood chips to any EU destination, and overcoming fumigation issues become crucial to success. The process of fumigation is an arduous undertaking that prior to MBE's heat treatment process, had been an injurious obstacle to export activities associated with exporting wood chips from the US. Appropriate fumigation applications have varied widely from the classification of products to the import country and its particular requirements over the years. MBE invested in and developed, obtained approval and successfully exported from its first in Maine - Heat Treatment facility to address and resolve the fumigation issue once and for all – this provides ass transactions. In September 2014 MBE a



Phytosanitation Wood Chip Facility – Exporter. MBE intends to ship wood chips to EU and Asian locations in Qtr. 4 2018 in bulk cargo format and as baled wood chips.

The primary market for wood chips is the Combined Heat & Power industry abroad where electricity and heat is produced as a co-firing operation replacing coal as the primary power source. Wood chips are the key renewable energy product – with the least amount of carbon costs to produce. As a baled product, MBE has researched several methods of production, compaction and transportation. One method is herein included.

A baling methodology: <u>https://www.youtube.com/watch?v=kTxqQZXAqv0&feature=youtu.be</u> Just one of several – but, considered for this project as one of two methods to be used. This process will compact, bale and wrap 1,500 to 2,000 pound bales. An alternative system will be utilized by MBE to produce 3,000 pound bales for export. The actual baling methodology is trademarked and patented by a 187 year old manufacturing firm in the Netherlands. The process has been tested and proven to not only bale MBE wood chips but, to compact them to achieve dramatically significant density for vessel stowage and to protect wood chips from environmental surroundings, reduce handling and storage costs both as inventoried materials and in shipping.

Saw Logs & Tree Length Logs – (China, Japan, Turkey):

China's flourishing economy, coupled with policy constraints limiting domestic forest production, has resulted in skyrocketing forest product imports over the last several years. Log exports to China show strong demand for US wood.¹ In a decade, China moved from a ranking of seventh up to second among all nations in total value of forest product imports and also is now the top importing country worldwide of industrial round wood.² In the past decade, China has become the number one importer of timber products in the world. Logs account for virtually all of this growth, and imports of even nominally processed wood, like sawn wood products, have stagnated.

As reported by one of the worlds' most recognized forest industry's analyst, Hal Ekstrom, Publisher of Wood Resources International, "A strengthening Asian export market for raw logs has ports up and down the coast interested in getting back into the business." Mr. Ekstrom states that, "China has displaced Japan as the top buyer of logs."

China's demand for wood raw-material has pushed timber prices upward, increasing the importation of logs and wood chips to record levels. The strengthening of demand for raw logs to all of Asia is substantial and extraordinarily significant on the East Coast of the USA now and for the next several encouraging years. "Softwood lumber imports to China increased for the <u>fourth consecutive year in 2016, reaching a</u> new all-time high of 21 million m3, 21% higher than in 2015."

China imported significantly higher record volumes of softwood lumber in 2016 and softwood log imports reached their second highest level on record. "*China's need for imported wood picked up during the summer and fall with import volumes of both logs and lumber being up about 20% in the 40/16 as compared to the 40/15. Total importation of logs and lumber (in roundwood equivalents) reached almost 76 million m3 in 2016, which was up 17% from 2015, and almost 38% higher than five years ago, according to the Wood* <u>*Resource Quarterly (WRQ)*".⁴</u>

Chinese wood products production and demand increased in 2016, fuelling log



https://youtu.be/mXa411bwe6w https://youtu.be/W28SwjBM7MY

¹ Log and Lumber Exports to China Show Strong Demand for US Wood Products; <u>https://blog.forest2market.com/log-lumber-exports-to-china-</u> <u>demonstrate-strong-demand-for-us-wood-products</u>

² MEETING CHINA'S DEMAND FOR FOREST PRODUCTS: AN OVERVIEW OF IMPORT TRENDS, PORTS OF ENTRY, AND SUPPLYING COUNTRIES, WITH EMPHASIS ON THE ASIA-PACIFIC REGION; <u>http://www.forest-trends.org/documents/files/doc_148.pdf</u>

³ Wood Resource International LLC; *Strong demand for wood in China in the second half of 2016 resulted in both record high imports of softwood lumber and logs:* JAN 30, 2017 <u>http://news.cision.com/wood-resources-international-llc/r/strong-demand-for-wood-in-china-in-the-second-half-of-2016-resulted-in-both-record-high-imports-of-s,c2176899</u>

and lumber import gains from Russia, but also from the USA. China imported 48.7 million m^3 of logs in 2016, an increase of 9% from 2015. Of the total log imports, softwood log imports were 33.7 million m³ (+13% as compared to 2015). MBE is under contract for softwood hemlock logs to several of the largest log importers in China. Log exports to China are currently being exported in containers while very early in 2018 several vessel shipments are already under contract. With the global demand for logs, there is also a sharp increase in export prices for logs⁵ and that poses an opportunity for increased prices and margins as China continues to grow its economy and to build out its housing and infrastructure programs. Further to the demand for raw logs on a global scale is the steady increase in demand for construction grade timber in Japan. MBE has hosted several major log importers from Japan and is under LOI to supply both raw logs (small orders but significant) and especially wood chips for both paper manufacturing and biomass requirements on the horizon.

Currently MBE's, Istanbul, Turkey's representation, is in significant talks with two of the country's top importers of logs and MDF wood chips. The leading hardwood export to Turkey is raw logs. Logs are a raw material Turkey itself cannot produce, the emphasis (reflected in overall AKP mandated commercial policy) is to have as many value added processes reserved for Turkish industries as possible.⁶ Turkish saw mills cut a great deal of lumber from all sources. There is documented evidence of Turkish importers receiving American hardwood logs via China. Chinese imports are of such a scale that it is at times cheaper for Turkish companies to import US logs from Chinese sources than directly from the United States⁷ thus. providing a path for MBE to supply Turkey directly and or through its China buyers and or Log Trading Groups. Turkey is a 'value added' minded country, taking the lead in Europe⁸ when it comes to wood manufacturing. With medium density fiber "MDF" as its largest import commodity, the reliance on log imports and wood chip imports is growing exponentially. According to cabinet level officials in Turkey, its 2nd largest furniture manufacturer, and Turkey's senior import/export official in agriculture, the demand for Turkish furniture exports throughout Europe will increase by almost 400% over the next 5 to 10 years – and Turkey does not have the raw material. They must import massive quantities of logs to supply their MDF factories and to fulfill their export obligations to the European markets they serve.

<u>Paper Quality Green Hemlock Wood Chips (China, Japan)</u> The underlying projections in this confidential document are based on existing Binding LOI with globally recognized Trading Companies, two of whom have deep ties to the State of Maine. Those relationships are affiliated with the utmost levels of paper quality wood chip consumers throughout both the Asian market as well as the UE. To be as transparent as can be under a confidential document as this, MBE is engaged with buyers and trading companies including but, not limited to one of the world's largest trading companies with long-term relationships with leading Chinese paper companies, listed in Fortune China 500, such as Nine Dragons, Hengan International, Shandong Chenming Paper and others. The current direction for MBE is to enter into an exclusivity agreement with a trading firm capable of interacting with China paper chip buyers on behalf of MBE to mitigate MBE risks of doing business with multiple players, also by allowing MBE to be paid by the trading firm to ensure better payment terms. This type of exclusivity agreement could be extended to other global regions as well. Also, under LOI and negotiations are Marubeni Corporation, Itcchu Corporation, from Japan and Multi Agro-Impex, from Singapore.

Medium Density Fiber (MDF) Mixed Species

An increase in demand in the recovering building and furniture manufacturing sectors in North America will be a key driver for growth in the production of MDF and particleboard worldwide. The primary markets for MDF fiber are China and Turkey. North Asia, which was not significantly affected by the global financial and economic crisis, has a voracious appetite for MDF and is likely to be the main beneficiary of the expansion in MDF production. The North Asia region will account for 54% of the world's MDF production by 2017, consolidating a decade-long shift away from the traditionally dominant producing regions of North America and Europe. China alone will account for 51% of all MDF production by 2017.

MBE has an representative on the ground in China, Japan and Turkey. Their presence is well regarded in the wood business and in MDF circles and regarded as astute and well situated intermediaries for MBE. Currently, MBE is under high level invitation status for the purpose of meeting with five of the top MDF buyers in the country. Turkey is the leading manufacturer of MDF in European market. Several of the

⁵ https://www.interest.co.nz/rural-news/86032/2017-has-brought-sharply-higher-export-prices-logs-and-strong-demand-continues

⁶ http://exportvirginia.org/wp-content/uploads/2012/06/Export-Opportunities-in-the-Turkish-Wood-Market.pdf

⁷ Ibid

⁸ <u>http://www.wbpionline.com/features/turkey-now-takes-the-lead-in-europe-5863191/</u>

MDF producer/buyers MBE has been invited to meet with include Kastamonu Entegre, AGT, Starwood, Yildiz Entegre and others. Kastamonu, the largest manufacturer in Turkey, is not the only Turkish company with explosive MDF import potential. Two new MDF lines started up in Turkey in 2016 – Çamsan Entegre's, with a capacity of 360,000m3/year and Starwood's with a capacity 400,000m3/ year. Another new line will start this year, from the SFC Company with a capacity of 300,000m 3 / year. Yildiz Entegre, headquartered in Koaceli, is planning to build two new MDF/HDF mills outside Turkey, one in Pitesti, Romania and one in Vladimir, Russia.

3.4 Products for Domestic Markets

Softwood Bark for Mulch Production

MBE benefits from two residual commodities derived from the processing of its underlying export commodities of raw logs and wood chips. As mandated by almost every country in the world, most softwoods such as Pine, Spruce, Hemlock and Fir all have to be debarked, nematode tested and in some cases fumigated prior to export. The majority of current raw log exports are predicated on softwood logs. Export regulations to China require all softwood logs to be debarked prior to export. Coniferous (softwood) bark is in high demand in the US for bark mulch production. On an average, every log processed will yield between an 8% - 9% residual in bark volume. With contracted softwood to be debarked each year the bark volume can exceed 525,000 US Tons or 47,250 tons of bark mulch, locally marketed at between \$35.00 and \$40.00 per ton, picked up at MBE facility, is estimated to be between \$1.65M and \$1.9M annually. MBE is under binding purchase contract for its bark and is producing at this early stage of about 275 US tons per week. Rapid increases in bark sales will appear as we move toward preparation of a vessel load of logs for export in early 2018. The residual bark from each vessel can approximate \$75,000 and is factored into the overall revenue stream for each vessel.

Firewood for Regional Wholesale Distribution

Additionally, as a fiber hub to the world, many mixed species logs pass through the MBE facility. When and if any log falls below the required specification of any buyer, it is automatically processed as firewood and distributed through a network of wholesale outlets such as lumber yards and hardware stores. When cut off logs are mixed with purposefully harvested firewood logs, MBE can produce and sell in excess of 2,000 cords of firewood each year. Market price for wholesale distribution of firewood is \$265.00 per cord when delivered in bulk or \$295.00 per cord when delivered in baskets. Revenue from this very high margin residual product can be between \$530,000 and \$590,000 annually.

Local Wood Chip Supplier to Pellet Manufacturers

MBE has an executed wood-chip supply contract with a regional pellet manufacturer for their production of Residential Grade wood pellets. The supply contract is for \$1.26M and is for a two year term. This vendor/client will pick up the wood chips and fines with their own forces and trucks.

Rail Road Ties – North American Market via Canada Manufacturing Firms

MBE is under agreement with Stella Jones, the largest rail tie manufacturer in North America, to produce as many rail ties as possible utilizing its sawmill systems and processing dimensional ties from raw logs of hardwood species, oak, maple, beech and or birch. The annual US rail tie installation or replacement volume is 17.6 million for major railroads and an additional 2.9 million for regional and or short line railroads. The annual US market for 20.5 million rail ties is roughly \$615 million and when including the Canadian market – where Stella Jones is situated – the total market can approach \$1 billion.

2.0 Company Information

2.1 Registered Name & Company Structure

Maine Biomass Exports, Inc. ("MBE") is a registered Maine corporation founded by its President and CEO, Arthur T. House in 2012 and operated during its developmental stage as a registered Limited Liability Company previously known as Maine Woods Biomass Exports, LLC. Once the company began to produce products and commenced operations, the entities merged in August 2016 to become Maine Biomass Exports, Inc. MBE operates from Searsport and Bucksport, Maine and is managed by executive, finance and administrative staff in its Searsport offices. All yards are managed by forestry and logging professionals and well trained log yard personnel. MBE has a board of directors and a widely diverse team of advisors. The Company has 40+ years of earned experience in business management, manufacturing and production industries, with a logging and tree cutting background reaching back to the mid 1970's. Detailed bonifides are available at:

http://www.arthurhouse.com/artresumecm.htm http://www.arthurhouse.com/arttestimonials.htm

3.0 Market Profile



3.1 Overview of Market Demand and Supply Conditions

Often the colloquial idiom, a 'Perfect Storm' is associated with a rare chance or combination of individual elements, circumstances, or events that together form a disastrous, catastrophic, or extremely unpleasant problem or difficulty. Maine Biomass Exports seized upon a different understanding where that 'Perfect Storm' is a convergence of the precise elements at the exact place, the correct time, and under the specific circumstances where an opportunity develops in an industry across continental divides to form an exponentially significant new market and where simultaneously that market provides a path to reinvigorate a dying industry at home. The genesis of MBE's business model is grounded in recognizing that 'Perfect Storm' and acting upon its potentials before others either would or could be able to act. EU demand for Wood Pellets in 2013 was 19 mMT annually.⁹ In 2015 EU Wood Pellet consumption/demand is 25 mMT annually¹⁰ or a 31% increase from 2013. EU demand will increase to between 50 and 80 mMT annually by 2020¹¹ or a minimum of 100% increase over 2015 or 220%¹² United States currently accounts for nearly 45 % of the Exported Wood Pellets to the EU annually.

3.2 Circumstances in Maine

With divergent market conditions existing, each market has a problem to solve. In Maine, we witnessed the decimation of a paper manufacturing industry since 2011 when 5,700 factory workers were employed in paper mills throughout Maine. Between 2011 and 2013 roughly 2,300 jobs were lost. Since 2013 an additional 1,911 jobs were lost to plant closures. With 15 major mills closed since 2011 the industry shrunk by a total of 79% or 4,211 jobs. The latest plant closure in Bucksport, Maine saw 570 jobs lost during the last days of December 2014.



⁹ The FAO reported 2013 global wood pellets production of 21.6 MMT (FAO,FAOSTAT) Hawkins Wright as reported by the Wood Pellet Association of Canada estimates 25.5 MMT ("International Pellet Markets.." slide 3)

¹⁰ IEA Bioenergy, Task 40. "Low Cost, Long Distance Biomass Energy Supply Chains," 7 and 11.

¹¹ USDA Foreign Agricultural Service, "EU-27 Biofuels Annual 2013," 29

¹² <u>http://epp.eurostat.ec.europa.eu/statistics_explained/index.php/Renewable_energy_statistics</u>

With the closure of paper mills, there was also a corresponding collapse of a state-wide power plant industry. inextricably linked to the functional operation of paper mills. In tandem with the paper mill closures there was a shuttering of 7 power plants throughout Maine which caused an additional loss of 755 direct jobs. The cumulative loss of these facilities across the vast state of Maine has not only left factory towns barren of its jobs, its tax base and the fruits of economic contributions to local towns derived from an employed society.



Thrusting another set of circumstances upon the problem is with the loss of paper manufacturing production, and the power plants, an obvious underutilization of the raw material – fiber – used both to generate power and to produce paper now exists. The cumulative loss of these plants has left the forest industry with an annual overabundance of underemployed raw fiber in the likes of harvestable trees, paper quality pulp wood and locally consumable biomass fiber.

3.3 Circumstances throughout the European Union

In contrast, while Maine continues undergoing its spiraling transformational change, the paper manufacturing and combined power and heat (CHP) industries throughout the European Union (EU) and all of the Asian Rim have proliferated beyond the recognition and imagination of industry traditionalists in Maine – or New England for that matter. Based on the United Nations official statistics, there are 44 countries in the EU today, however our focus is on those countries that have built burgeoning CHP facilities and or those countries experiencing explosive economic advances requiring both power and heat, but also an expanding need for construction lumber and furniture manufacturing raw materials - logs. The Asian Rim is comprised of countries that border the Pacific Ocean, and includes Australia, Cambodia, China, Hong Kong, Indonesia, Laos, Malaysia, New Zealand, Papua New Guinea, the Philippines, Singapore, South Korea, Taiwan, Thailand, and Vietnam. Once again



we focus on the exponential demands for raw fiber in the form of logs and wood chips for both paper manufacturing and the co-firing of renewable energy materials – namely wood chips or "biomass."

Throughout the EU the primary commodity that MBE has offered and has successfully closed and fully executed contract for, with bankable take or pay contracts is "Biomass" or known as a renewable and sustainable source of energy derived from burning woody mass fiber in a cofiring solution to create either energy or heat or both combined in a Combined Heat & Power plan of CHP. Driven by the United Nations Framework on Climate Change, the Kyoto protocol was originate as the first agreement between nations to mandate country-by-country reductions in greenhouse-gas emissions.

Kyoto emerged subsequent to the UN Framework Convention on Climate Change (UNFCCC), signed by nearly all nations at the 1992 Earth Summit. The framework pledged to stabilize greenhouse-gas concentrations "*at a level that would prevent dangerous anthropogenic interference with the climate system*". A new treaty was established with binding targets for greenhouse-gas reductions. That treaty, finalized in Kyoto, Japan, in 1997, went into force in 2005. Under Kyoto, industrialized nations pledged to

cut their yearly emissions of carbon, as measured in six greenhouse gases, by varying amounts, averaging 5.2%, by 2012 as compared to 1990.

That equates to a 29% cut in the values that would have otherwise occurred. This would cut GHG emissions but also set the stage for Legislative Mandates responsible for the increased use of biomass. Kyoto is the exponential function variable in the demand for fiber rom the USA.

During the first commitment period, 37 industrialized countries and the European Community committed to reduce GHG emissions to an average of five percent against 1990 levels. During the second commitment period, Parties committed to reduce GHG emissions by at least 18 percent below 1990 levels in the eight-year period from 2013 to 2020. In short, this commitment is an EU Mandate that has driven the exponential demand for the use of woody biomass as a cofiring commodity to replace the reliance upon coal consumption – long articulated as a fossil fuel based fuel most dangerous to the environment.

3.4 Circumstances throughout the Asian Rim

Increased paper plant production throughout China and a \$1T USD annual home building market is driving the demand for raw fiber materials to be exported to China. Home construction is spurred on by two key factors in China. There are approximately 11 million first time marriages per year in China as compared to 2 million in the USA. Additionally, the economic climate in China is thriving and the second demand for housing is from families upgrading to larger or more modern and or new homes in better and more remote locations. Community building is no different in China today than when the construction of railroads across the US was the principle driver of our own country's westward expansion and development of new towns and communities. With the USA and China having almost the same land mass of 3.8 million acres or

about 10 km² but with the USA population of roughly 325 million people as compared to China's population of 1.4 billion or 4.3 times the population, the thrust in construction is to build high rise structures. Approximately half of the China's population lives in the "great housing wall of China" – high-rise residential blocks.





Urbanization of China was not planned by the government but rather by the will of the people who opt for more rural settings. China has 15 megacities with more than 10 million residents within their boundaries, and the population growth in other urban centers is expected to create several more megacities as the growth rate is expected to hit 10% by 2020. Recent reports indicate that city planners will benefit from infrastructure investments such as the building of High-Speed Rail Systems to allow people to commute large distances quickly and allow for settling into remote locations reached by rail. The macro-economic benefit

for China is that developing integrated clusters of cities – rather than focusing new infrastructure investment on large cities – will alleviate pressure on overcrowded and overstretched cities like Beijing and Shanghai. Planners also point out that building new cities is a chance to redistribute wealth (money to build *new homes*) from the crowded eastern cities, with plans for new clusters in the western provinces. New homes, new wealth, new families also produce a demand for new furniture. New furniture requires significant quantities of raw logs.

China's High-Speed Rail system is fueling an internal movement of its people to remote locations and doing so at dizzyingly high-speeds of up to 186-220 mph. This construction program not only drives construction activity associated with rail development but also the construction of new homes. The convenience of travel into large metropolis regions by rail allows people to work in the bigger cities and yet commute home in the same time that it takes to drive from New York City or Manhattan to the Suburbs of Fairfield County in Connecticut.



China has embarked on the second largest public works program in history, following only the Eisenhower Interstate Highway System in size. China plans to spend roughly \$1.2 trillion on expanding its railway network to 120,000 km or approximately 74,500 miles by 2020. Deeper into this document the reader will understand the importance of such figures as it relates to rail construction where construction of a mile of rail line requires approximately 3,249 ties per mile or roughly one new rail tie installed every 19.5" of new track. In the USA just during year of 2016 the number of rail ties installed exceeded 20,796,130 with about 90% of those ties being new wood rail ties. To build the China High-Speed Rail system there will be a demand for 242 million rail ties or a \$7.3 billion market.

When it comes to papermaking, it is impossible not to mention Asia Pulp & Paper (APP) or consider its singular importance to the print manufacturing and publishing industries. Its Gold East facility in Jiangsu Province, alone, is the single largest coated paper mill in the world with an annual production capacity of two million tonnes. China's production of processed paper and cardboard during the period of August 2016 to August 2017 is above 10 million tonnes.

4.0 Facilities – Laydown Yards – Logistics of Movement



4.3 Rail Service

A low cost provider position is well served by a reliance on movement of logs and fiber by rail. Rail movement is accomplished at procurement whereby logs arrive by rail to one or more yard. Subsequently there is an outbound movement to ports for temporary lay-down and handling just prior to loading a vessel. MBE's yard in Searsport is served by Central Maine & Quebec Railway and MBE has several lay-down or siding yards along that track. These lay-down yards are situated throughout the state to accommodate the collection and loading of logs to a rail car in lieu of long haul trucking to MBE facilities. EXHIBIT "I"

Where fiber originates in excess of 75 miles from either of the Port of Searsport or the Port of Bucksport the best method of delivery is by rail. However, MBE is best served by receiving materials on truck when the logs originate within the circle of 75 mile radius. Once MBE is fully operational and serving client orders in vessel loads, the reliance on rail delivery to the yard would approximate 60% to 70% of all arriving logs or fiber. The rest would arrive by trucks. As an example of the benefit of rail over trucking, using only Millinocket as a test, we could rail logs to the MBE yard at the port for about \$8.00 per short ton. We would have to load the logs to the railcar in Millinocket at a cost of about \$5.00 per ton.

The cost to the yard including handling and freight would be \$13.00 per short ton. The same delivery to the MBE yard by truck is just over \$18.00 per short ton. Each car is about 70 Metric Tonnes or 77 US ton. A cost savings of \$5.00 per ton is \$375 per load. For an 18,000 metric tonnes (19,800 US ton) vessel load of logs MBE would bring in 240 rail cars for a savings of \$90,000 if all logs were arrived by rail. Considering 70% by rail as indicated above there is a savings of \$63,000 per vessel order by rail delivery.

Transport Venue		Rail		CM&Q				US Tons		80
				Jackman	Ģ	Greenville		Millinocket		rownville
Destination	Searsport	Miles		155		110		120		72
		Base Rate	\$	613.00	\$	593.00	\$	593.00	\$	573.00
		FSC %		6.0%		6.0%		6.0%		6.0%
		FSC Fee	\$	36.78	\$	35.58	\$	35.58	\$	34.38
		Total Rate	\$	649.78	\$	628.58	\$	628.58	\$	607.38
		Per Mile	\$	4.19	\$	5.71	\$	5.24	\$	8.44
		Per Ton	\$	8.12	\$	7.86	\$	7.86	\$	7.59
		Average Cost P/Ton							\$	7.72
		Average Cost	ge Cost P/Mile Per/Ton						\$	5.90

Rail service inbound can be accomplished by CM&Q and by Pan AM as well. Pan AM serves the upper and east portion of Maine and has a rail spur direct to Bucksport. Pan AM is also tied to J. D. Irving in Canada and an enormous quantity of logs can be direct shipped to Bucksport. Pan AM also has service from Bucksport direct to the Boston area such that future movement of containers can be exported in quantities of 25 to 50 per week out of Bucksport. Discussions are ongoing with Pan Am at this time. A negotiation hurdle is the number of rail car movements per year that MBE has to guarantee – in the case of Pan Am they want MBE to guarantee 2,000 rail car moves a year.

4.4 Trucking Service

Each truck arriving the MBE laydown yard is carrying about 30 US tons (short tons) of logs. If logs arrive outside the 75 mile zone then it is likely the delivery rate will be about \$18.00 per ton. The closer the cut yard is to the port the lower the truck rate. Availability of close proximity logs is abundant and by relying on truck delivery MBE can cut trucking costs to an average of \$7.00 to \$8.00 per ton, which is the break-even point at which trucking and rail are equivalent in cost. This is a balance that is the target but it also is affected by requirements to sign long term 'take or pay' contracts with rail line for a minimum number of rail car movements per year.

MBE currently moves all of its logs to port facilities in 40' containers, aboard truck and chassis. Each 40' container will hold between 20 and 26 metric tons depending on the type of trailer the trucking company brings to the yard for loading and the present state of permitting or regulatory constraints imposed on truckers to navigate highway road weight limits. To arrive at Boston from MBE yards a truck must cross through New Hampshire where the road weight limit is 20 metric ton. To deliver containers to Portland, Maine or to St. Johns NB the weight is 26 metric ton or a 30% more payload. Moving containers by barge to NY/NJ or elsewhere would increase the volumetric benefits and contain costs as below depicted.

4.5 Movement – Truck to Vessel & Barge to Vessel

			Variables can b Price set by buy	e changed in th er per MT	ese yellow box	es										
Originates Bucksport	St. John Portland Boston New Jersey*	<u>Ctns.</u> 10 10 10	<u>Metric P-Ctrss</u> 26 26 20 29	Log \$ MT \$ 80.00 \$ 80.00 \$ 80.00 \$ 80.00	Log \$ Ctn. \$ 2,080.00 \$ 2,080.00 \$ 1,600.00 \$ 2,320.00	<u>Drayage</u> \$ 1,900.00 \$ 950.00 \$ 1,300.00 \$ 2,231.48	Per MT Trucking \$ 73.08 \$ 36.54 \$ 65.00 \$ 76.95	<u>Ocean Frt</u> \$ 1,100.00 \$ 1,600.00 \$ 775.00 \$ 600.00	<u>Per MT (</u> \$ 42. \$ 61. \$ 38. \$ 20.	DF Log \$ 31 \$ 2,080.0 54 \$ 2,080.0 75 \$ 1,600.0 69 \$ 2,320.0	<u>Totals</u> 5,080.00 4,630.00 3,675.00 5,151.48	Per Ton \$ \$ 195.38 \$ 178.08 \$ 183.75 \$ 177.64	Not Viable Viable Viable Viable	Book This	CIF MBF \$ 195.38 \$ 178.08 \$ 183.75 \$ 177.64	Discharges China
Saved \$ 118.52	New Jersey*	Load to Unload f Load to Barge C	Barge from Barge Vessel kost	\$ 250.00 \$ 250.00 \$ 250.00 \$ 1,481.48 \$ 2,231.48	If only contain	Note: CIF Pe	r MT Break Point	Where Buyer on this price is	will not Buy fixed. Additic	195.0 \$ 195.0	CIFMT	\$ 177.64	Margin 6 to 30% (i.e.)	\$ 17.36	8.90% ontainers are	onboard).
Save 7.41% \$ 1,481.48 108 \$ 160,000	Barge Cost \$ 1,600 Containers 100 Cost 5 160,000	8%	Note: By incre Increase % of extra containers	asing numbe	r of containe	rs as percenta	ige - the MBE per	container co	st may be re	educed accordi	ıgly					

4.6 Volume of Export Estimated Annually – by Commodity

5.0 Feedstock – Supply – Log Movement – Heat Treatment

5.1 Feedstock and Supply

Wood Species:

The mix of species in Maine average over time to approximately 40% Hardwood and 60% Softwood Species.

Typical Softwood species and the percent by Softwood species are:

Spruce & Fir 67% - White & Red Pine 7% - Hemlock 25% - Cedar 1%

<u>Typical Hardwood species and the percent by Hardwood species are:</u> Beech 2% - White/Yellow Birch 29% - Sugar Maple 12% - Red Maple 8% - Ash 2% - Aspen 47%

Abstract Partial List of Suppliers and Feedstock Availability:

American Forest Management AFM	50,000 to 100,000 US Tons
H. C. Haynes	50,000 to 100,000 US Tons
Davis & Sons	50,000 to 100,000 US Tons
J. D. Irving	100,000 to 200,000 US Ton
RJ Carrier	100,000 to 200,000 US Ton
Huber	50,000 to 100,000 US Tons
Prentice & Carlisle	50,000 to 100,000 US Tons
Cousineau Forest Products	50,000 to 100,000 US Tons
Integrated Forest Management	50,000 to 100,000 US Tons
LandVest® Timberland Division	50,000 to 100,000 US Tons
Tripp – Local Logger Frankfort, ME	50,000 US Tons from within 25 Miles
Site Simonds Timber Services	50,000 to 100,000 US Tons
Plumcreek - Weyerhaeuser	50,000 to 100,000 US Tons
KDS, LLC of Waldo, Maine	50,000 to 100,000 US Tons
Proprietary Micro-Loggers	100,000 to 200,000 US Tons
Pelletier Millinocket – Golden Road	50,000 to 100,000 US Tons
Katahdin Preserves – Millinocket	50,000 to 100,000 US Tons
	<u> 1,000,000 - 1,950,000 US Tons Available</u>

Note: The data below is based on the reporting of 2, 158 landowner reports at year end 2011 and is used as a statistical model for subsequent projections within this document.

		Population	Sk Km	Sq. Miles	Acres
1	Cumberland County	283,921	1,217	468	299,569
2	York County	199,005	1,271	489	312,862
3	Penobscot County	153,746	3,556	1,368	875,323
4	Kennebec County	121,853	951	366	234,092
5	Androscoggin County	107,609	497	191	122,338
6	Aroostook County	70,868	6,829	2,627	1,680,985
7	Oxford County	57,481	57,833	22,243	14,235,815
8	Hancock County	54,558	2,351	904	578,708
9	Somerset County	51,910	4,095	1,575	1,008,000
10	Knox County	39,668	1,142	439	281,108
11	Waldo County	38,820	853	328	209,969
12	Sagadahoc County	35,191	370	142	91,077
13	Lincoln County	34,180	700	269	172,308
14	Washington County	32,462	3,255	1,252	801,231
15	Franklin County	30,630	1,744	671	429,292
16	Piscataquis County	17,290	4,377	1,683	1,077,415
		1,329,192	91,041	35,016	22,410,092

Feedstock (MBF) & Green Tons Processed Annually Statewide

		MBF	MBF	MBF	Green Tons
		Coniferous Processed	Deciduous Processed	Sawlogs Processed	Biomass Processed
1	Cumberland County	18,654	987	19,641	86,026
2	York County	18,202	976	19,178	111,701
3	Penobscot County	61,835	14,263	76,098	233,241
4	Kennebec County	15,189	3,640	18,829	116,863
5	Androscoggin County	9,081	2,942	12,023	140,827
6	Aroostook County	86,010	42,423	128,433	192,735
7	Oxford County	42,555	8,839	51,394	163,121
8	Hancock County	12,812	2,116	14,928	123,690
9	Somerset County	44,787	13,777	58,564	216,030
10	Knox County	4,544	226	4,770	25,773
11	Waldo County	8,580	745	9,325	82,856
12	Sagadahoc County	1,752	149	1,901	16,796
13	Lincoln County	8,987	432	9,419	45,228
14	Washington County	24,524	1,827	159,271	159,271
15	Franklin County	21,340	8,166	29,506	246,101
16	Piscataquis County	35,434	20,615	56,049	152,674
		414,286	122,123	669,329	2,112,933

By Population:

Hardest Hit Counties: Micro B	ed	Biomass	Rail Yard		Rail Yard		
County	Population	Acers	Processed	<u>Neares</u> t		Farthest	
Penobscot County	153,746	875,323	233,241	Brownville	50	Millinocket	30
Androscoggin County	107,609	122,338	140,827	Millinocket	100		
Oxford County	57,481	14,235,815	163,121	Searsport	90		
Hancock County	54,558	578,708	123,690	Prospect	50		
Somerset County	51,910	1,008,000	216,030	Greenville	50		
Franklin County	30,630	429,292	246,101	Greenville	55	Bangor	75
Washington County	32,462	801,231	159,271	Prospect	90		
Piscataquis County	17,290	1,077,415	152,674	Greenville	50	Millinocket	70
Total	s 505,686	19,128,123	1,434,955	•	•	•	•

By Volume of Biomass:

Hardest Hit Counties: Micro Bus	iness Initiatives Require	ed	Biomass	Rail Yard		Rail Yard	
County	Population	Acers	Processed	<u>Neares</u> t		Farthest	
Franklin County	30,630	429,292	246,101	Greenville	55	Bangor	75
Penobscot County	153,746	875,323	233,241	Brownville	50	Millinocket	30
Somerset County	51,910	1,008,000	216,030	Greenville	50		
Oxford County	57,481	14,235,815	163,121	Searsport	90		
Washington County	32,462	801,231	159,271	Prospect	90		
Piscataquis County	17,290	1,077,415	152,674	Greenville	50	Millinocket	70
Androscoggin County	107,609	122,338	140,827	Millinocket	100		
Hancock County	54,558	578,708	123,690	Prospect	50		
Totals	505,686	19,128,123	1,434,955	_			

5.2 Customer – Logs Exports – Volume (Current and Potential)

Confidential (Not for Distribution) - Client Details Can be Provided Upon Meaningful Request

		Under	r Contract	or LOI	Under Contract or LOI				
	<u>Oak</u>	Ash	Maple	<u>Aspen</u>	<u>Hemlock</u>	Contracted			
China 1	70	80	70			220			
China 2					40	40			
China 3					40	40			
China 4					1800	1800			
China 5					50	50			
China 6	300	400	200			900			
Turkey 1*	100	100	100			300			
Japan 1*	50	50	50		50	200			
India 1*		75	75			150			
Iraq 1**				540	540	1080			
	520	705	495		2520	4780			
	Monthly Avera	age Under Co	ontract			398			
	Weekly Avera	ige Under Co	ontract			96			
*Pending ev	idence of logist	tical expansi	ion capacity,	infrastruture	e improvemer	nts and			
fumigation a	approval/permitt	ing in April 2	2018						
**Pending fi	**Pending final clearing from State Department and Authorities. Contract is signed.								

5.3 Rail and Trucking Logistics - Barging/Container Movement

MBE is exporting logs to ports in China and is preparing to serve clients in other parts of the world as well. The fundamental goal in procurement of regional fiber is to reduce the carbon footprint of transportation by truck and to rely more heavily on rail transport into the port facilities at both Searsport and Bucksport. It is estimated that up to 70% of fiber brought into MBE yards can arrive by rail. The remaining 30% or more is easily procured from well within a 60 to 75 mile radius of the laydown yards.

At present, MBE exports logs out of its yards by truck, in 40' containers, delivered to either the ports of St. John, NB or Boston, MA. Current loading capacity is in excess of 10 containers per day. Trucks often arrive as early as 6 AM and each truck is loaded within 1 hour. On a five day week MBE can load 50 containers per week. This loading is based on the full implementation of one loading system being put into service. MBE has two such systems ready to be fully functional. MBE is loading materials to trucks and dispatching as many as 30 trucks per week with various payloads at this time. Once the ramp up period of December is passed and we begin to schedule additional orders for loading and export the number of containers leaving the Bucksport facility will exceed 50 per week on a five day work week.

Recent developments have brought the Pan AM Rail company to Maine to discuss means and methods of providing a rail service from the existing rail lines at the Bucksport facility and direct transport of up to 50 containers per week by rail to the Boston area for transloading to ocean vessel. A service such as this would provide an opportunity for a reduction in drayage fees that could produce wider margins for the company and or allow for more competitive pricing for the client – resulting in larger sales.

The most beneficial method of transporting containers to any port destination begins with the logistics of container handling on the yard and the least costly method of delivering the containers directly to the appropriate ocean vessel. Under consideration and final planning, MBE is engaged with an industry leader in the development, construction and procedures of container barging operations. A feeder service for containers of logs is planned for Bucksport and the service will allow for a streamlined growth path for up to 100 containers per week that would be delivered directly to ocean vessels bound for China, Japan and or markets yet to be determined. This service could afford MBE a stock of containers on site in advance of barge movement so that loading of containers can be a seven day a week and a double shift process leading to an ability to load 100 containers per week, employ approximately 20 additional yard workers and export in excess of \$700,000 of raw logs per week.

5.4 Heat Treatment Plant

The Heat Treatment technology was patented and built by TDC, the only USDA-APHIS approved system. The Heat Treatment Facility will be warranted, including 1st year of O&M, over seen by a leading construction management firm and one of the largest engineering firms in the world.

When exporting wood chips to EU destinations, fumigation issues were crucial to success. The process of fumigation is the single hardest obstacle to solve before exports could be concluded. Appropriate fumigation applications have varied widely from the classification of products to the import country and its particular requirements over the years.

Methyl bromide (MeBr), the long-time accepted fumigation process, is an odorless, colorless gas that has been used as a soil fumigant and structural fumigant to control pests across a wide range of agricultural sectors. Because MeBr depletes the stratospheric ozone layer, the amount of MeBr produced and imported in the U.S. was reduced incrementally until it was phased out in January 1, 2005, pursuant to our obligations under the Montreal Protocol on Substances that Deplete the Ozone Layer (Protocol) and the Clean Air Act (CAA). Under the Montreal Protocol and the Clean Air Act, because Wood Chips are not a critical need commodity, the production and import phase-out for methyl bromide terminated its approval status in 2005.

The next fumigation process utilized for wood chip export to the EU was "In-transit shipboard fumigation" to treat wood chips to eradicate insects and transferable impurities from several pine species, infested with the pine wood nematode, Bursaphelenchus xylophilus. Using aluminum phosphide tablets producing 4 g m–3 phosphine, the percentage of infested samples was reduced from 79 to 6% during the voyage from the USA to Sweden. While USDA-APHIS still lists this as an acceptable fumigation process, many EU countries shy away from the process – while others claim that it is acceptable – if the import country issues the appropriate documentation asserting its approval.

Because this is a very hit-or-miss methodology of avoiding shipping risk, Company has opted to develop the first in the US Heat Treatment facility to not only address the issue but to resolve it once and for all – this provides the assurances needed for Buyers to lock into long-term transactions.

The EU emergency measures allow three treatment options for wood chips: (1) Heat Treatment (the overall globally approved process), (2) Fumigation (if host country deems appropriate) or (3) Chemical pressure impregnation (for such items as pallets). In all cases treated wood must be accompanied by evidence of treatment process and documentation indicating the organization that treated the wood material and the location of that organization. The APHIS (Animal and Plant Health Inspection Service) is recommending heat treatment because it is the only long-term measure currently listed.

The most widely used method used to comply with ISPM15 is heat treatment. This is achieved by maintaining the constant core temperature of wood chips at 56 degrees Celsius for a minimum of 30 minutes. Company's Phytosanitation Heat Treatment System and process is the only recognized system and process approved by USDA-APHIS. Heat Treatment is literally recommended as the approved wood chip fumigation process – in every category and species of wood chips for destinations around the world and most specifically to any location in the EU. Significant to the underlying objectives of the Company plan is to construct and commission the first such Heat Treatment System in the US before any other company recognizes that Company is ahead of the entire biomass production curve in the US.

6.0 Market Considerations – PR Planning

European Union leaders have committed to transforming Europe into a highly energy-efficient, low carbon economy. The EU has set itself targets for reducing its greenhouse gas emissions progressively up to 2050 and is working successfully towards meeting them. The number one driving force behind MBE's ability to grow and prosper is their dedicated compliance to Kyoto Treaty agreements in the EU. There is no place to

acquire woody biomass in the EU that can compare with the forestry mass in the US. Maine's wood basket is the largest forest mass in the country of any of the States. Maine is called "The Saudi Arabia of Trees." Demand for pellets not only mirrors but, more significantly so, drives the exponential demand for Heat Treated Wood Chips as well. Wood chip demand is also growing exponentially however it is not talked about as much as the pellet demand.

The EU intends to increase its emissions reduction protocol to 30% by 2020 if other major emitting countries in the developed and developing worlds commit to undertake their fair share of a global emissions reduction effort. For 2050, EU leaders have endorsed the objective of reducing Europe's greenhouse gas emissions by 80-95% compared to 1990 levels as part of efforts by developed countries as a group to reduce their emissions by a similar degree. The European Commission has published a roadmap for building the low-carbon European economy that this will require. Now with the US Administration effectively putting a death spiral on Coal production and use – the demand for biomass will increase further than already planned and or disseminated to date.

Rapidly Increasing Global Demand

- Sawlogs: A potential SuperCycle ahead.
- Utility-grade wood pellet/chip market: 16% CAGR 2015-2020

- Goldman Sachs Equity Research, Sept 2016

Product Category	Global Market Size /yr	Primary Markets
Rail Ties & Cord Wood	\$1B+ (US/CAN only)	US & Canada
Saw Logs	\$7B	Asia, Egypt & Canada
MDF Wood Chips	\$9B	Turkey, Asia & Greece
Heat Treated Chips/Pellets	\$15B+	EU & Asia
Total	\$30B+	

• **Strong demand in China:** Record high imports of lumber and logs with 20% higher import prices than 2015

- Forestry Connect, Feb 2017

6.1 Industry Demand – Justification (*MBE compares the demand trends with wood chip needs.*) The justification for building a Phytosanitation Heat Treatment Plant, expanding Wood Chip processing facilities and providing Biomass exports from the US is best articulated by providing insight derived from global biomass industry experts and leading organizations with empirical knowledge of energy needs, and biomass supply trends worldwide. While it may be anecdotally characterized, it is certainly evidence of a trend with regard to the future reliance upon wood chips in the EU for the production of energy. Germany may opt to close its nuclear facilities and enhance its co-fired energy production capacities. The use of coal will remain strong however the co-fired materials will be wood chips. GDF Suez recently constructed the largest biomass power plant in the world, which will is solely fuelled 80% by wood chips and 20% by agricultural waste. The PLN 1bn (\$290m) Polaniec biomass power plant is being constructed at the site of the existing 1,800MW Polaniec power station in Polaniec, Poland.¹³ EXHIBIT "K" represents a thoughtful review and analysis of the "Demand – Justification" for filling the need for export of Biomass – Heat Treated Wood Chips to the EU:

¹³ http://www.power-technology.com/projects/polaniec-biomass-power-plant-poland/

6.2 Market Objectives

- <u>Become the first Heat Treatment facility in the US</u> and enter the fulfillment process prior to any other company that may decide to follow suit.
- Only utilize the best feedstock materials possible. Never provide a product that is not fully proven to be managed as fully Sustainable and Renewable.
- Develop enhanced client connections and <u>expand export opportunities for Heat Treated Wood</u> <u>Chips</u> via EU Buyers/End Users, Brokers, Strategic Alliances, and unique Competitive Advantages (Cost Containment – Focus – Differentiation) and Reliability.
- Identify and <u>build partnerships through collaboration</u>. Strong partnerships with diverse stakeholder groups can help leverage human and fiscal resources and can also help with establishing relevant and meaningful priorities. Talent can be more important than money when it comes to building a superior executive management team. Some sort of vesting must be consummated prior to sharing of ownership or stakeholder status.
- While MBE does not produce wood pellets, we will seek opportunities to assist our buyers in their quest for substantive supply sources to produce their own pellets and or we will facilitate supplies from viable manufacturers. While a few Maine pellet manufacturers have been reluctant to discuss export opportunities to date MBE has significant LOI's from buyers to facilitate their search for pellets. MBE has devised a methodology for aggregating pellets, from various sources, accumulating, storing and loading them for clients, from several locations. This provides manufacturers with small but, constant orders that help to minimize inventories, enhance cash-flow, and enter the export market in some way that would otherwise not have been afforded the. This can create satisfied alliances on both ends of the transaction.
- Always utilize best practices and adhere to the Rotary International "Four Way Test" in all undertakings and operate every day in the era of Deuteronomy "Do No Harm."

6.3 Market Strategies

An important distinction between MBE and its competitors is that our philosophy on pricing starts from the bottom up. We focus on extreme cost containment as a driving force in market management. The market price is dictated by factors out of the control of MBE however, if every aspect of the cost stream is managed with perfection, the cost of production is at a minimum. Acknowledging certain industry norms such as achieving a desired profit margin, MBE will keep costs down and add the margin to low cost production and arrive at a sales price. In the pricing scenarios we adopt we will characteristically be able to sell at or below market prices – at our discretion.

The sales decisions are reduced to three choices, which are: 1.) Sell the product at full price and enjoy a much larger margin than competitors – but, risk losing the sale to a firm on merits not associated with price, 2.) Sell the product at the lowest price possible and compete on price only while risking sales potential based on the perception that we are a price chopper operating on too thin a margin – thus appearing to be unreliable and ultimately self destructive due to a lack of margin, or 3.) Lower the sale price sufficient to be recognized for competitiveness, while increasing desired margin above norms and providing evidence of strict cost containment and quality control to satisfy the client and win the order – and repeat orders thereafter. MBE chooses the third option.

7.0 Financial Information

Maine Biomass was founded by Arthur House and for several formative years of predevelopment the company was funded solely by The Company and his friends and family. Since the business began to fully operate and commence export operations originally in Searsport and now expanded to Bucksport, MBE has raised additional seed capital from private friends and family investors in the aggregate of \$865,000. Additionally, funds have been raised by the Finance Authority of Maine FAME and CEI Ventures of Maine. FAME has issued a \$250,000 five year low interest loan to the company and CEI made a \$250,000 direct investment into MBE in September 2017.

The Department of Transportation through its Rail Access Program had once awarded MBE a \$750,000 grant for infrastructure improvements for MBE rail yards. That grant was redirected to other candidates as MBE was not prepared to move quickly to begin work however, since then the MDOT has invited MBE to reapply in January 2018. We believe we will be successful in receiving an award of which those funds can be used to guild out the required infrastructure and or to acquire needed equipment for loading, handling and moving containers on the Bucksport yard. Funds could be earmarked for use to include contributions toward engineering costs. MBE will seek between \$250,000 and \$500,000.

Additional grant and matched funding is being considered for early 2018 through the Maine Technology Institute ("MTI") where we have submitted for a matching grant of between \$750,000 and \$1 million for:

Infrastructure: Leading up to the commercialization of the process MBE has invested in four years to build its proprietary – state-wide supply chain and intermodal delivery system necessary for a seamless, low cost transportation system from forest to market – utilizing rail, port logistics, loading efficiencies and strategic alliances with vessel owners for ocean freight. <u>The first stage of this project calls for the complete build out and enhancement</u> of port operational systems, rail siding repairs, handling equipment and advanced technology systems for inventory controls and Phytosanitation compliance with USDA-APHIS.

Maine Biomass has been afforded a commitment by Pangaea Logistical Solutions Ltd. of Newport, RI of up to \$1 million for port facility improvements and or for equipment useful and considered necessary for ship loading and or for material handling and port infrastructure work. This is the basis for the matched funds with MTI above. The equipment necessary for this loading process has been designed for MBE by Telestacker and is estimated to cost about \$1,265,000. Two scenarios for purchase and repayment of this Telestacker, by and or for MBE can be obtained by a modification in the stevedoring rates over a sufficient number of loads to absorb the cost or the removal of this purchase from MBE by the stevedoring entity responsible for loading the vessels and charging MBE for the use of the system in their loading fees. The first scenario would require Pangaea to buy the system – or lease to MBE to own – whereby MBE would own the system and Pangaea will have executed in their letter of support. Or, the stevedoring entity will purchase the system and recoup costs via load fees. In this case MBE would not own the system and the total funding request would be reduced by the amount projected.

A globally recognized wood chip trading firm, affiliated with Maine's long history of paper manufacturing, has indicated a willingness to invest in supportive equipment to ensure they are able to make Maine their new port of call for logs and wood chips beginning in 2018. The exact equipment has yet to be finally specified but budget pricing is \$1,195,000. Any support is envisioned as a debt/loan to MBE made by investor/client, for up to a three year period, to be paid through a process of throughput according to volume of wood chips for paper or MDF. Investor/client would own title to the equipment and be afforded below market rate chip pricing to make payments.

Ancillary to the above MBE has been offered an opportunity to welcome one of China's largest importers of high quality hardwood saw logs (MBE is under major contract to supply already), to participate in MBE business structure in a manner yet to be determined but, likely to be a Joint Venture of sorts. Most importantly is that a company ("Trader") (arguably the largest fuel refinery companies in China) has branched out to include the trading of raw logs from Maine for their clients in China. The clients referred to are those who are purchasers of Trader's heavy machinery such as paper mills, lumber mills and furniture manufacturers. The natural vertical integration for Trader is to buy or broker logs from MBE and ship them to China for a hub of multiple distributions to clients. Trader has indicated they would like to participate in an ownership stake in MBE as they have a Texas facility and a Canadian branch as well and each can join forces with MBE. Talks are currently under way but confidential at this time, but the range of participation suggested by Trader is \$1 million – somewhat speculative as they watch to see what is accomplished to enhance MBE position and strategic presence at the Port of Bucksport.

Contracts Executed
Quingdao1 White Ash (20 cntrs)
Quingdao1 Ash (60 cntrs)
Quingdao1 Red Oak (70 cntrs)
Quingdao1 Hard Maple (70 cntrs)
Quingdao2 (40 cntrs hemlock)
Quingdao3 (40 cntrs hemlock)
YoTone (900 cntrs hemlock)
Quingdao4 HW Logs (China)
Log Vessel Hemlock - Spruce China (FOB)
Bark Sales
Firew ood Sales
Railroad Ties
HT - Biomass EU (300MT)
Wood Chips for Local Pellet Manufacturers
Under LOI or Negotiations
Turkey (300 Ctns) Fumigation Required
Japan (200 Ctns)
India (150 Ctns) Fumigation Required
Iraq (1080 Ctns)
China (900 Ctns)
Log Vessel (3 loads)
HT - Biomass (150MT)
Hemlock Paper Chips - China (FOB)

7.1 Sales – Cost Forecast 5 Years – Gross Operating Margin

Yearly Sales Forecast	Pro	jected 5 Years	Sales Based o	n Contracts - L	OI
Year	2017 - 2018	2018 - 2019	2019 - 2020	2021 - 2022	2022 - 2023
Quingdao1 White Ash (20 cntrs)	189,375	198,844	208,786	219,225	230,186
Quingdao1 Ash (60 cntrs)	454,500	477,225	501,086	526,141	552,448
Quingdao1 Red Oak (70 cntrs)	530,250	556,763	584,601	613,831	644,522
Quingdao1 Hard Maple (70 cntrs)	530,250	556,763	584,601	613,831	644,522
Quingdao2 (40 cntrs hemlock)	152,000	159,600	167,580	175,959	184,757
Quingdao3 (40 cntrs hemlock)	152,000	159,600	167,580	175,959	184,757
YoTone (900 cntrs hemlock)	2,565,000	2,693,250	2,827,913	2,969,308	3,117,774
Quingdao4 HW Logs (China)	2,651,250	2,783,813	2,923,003	3,069,153	3,222,611
Vessel Hemlock - Spruce Chips China (FOB)	1,980,000	2,079,000	2,182,950	2,292,098	2,406,702
Log Vessel Hemlock - Spruce China (FOB)	3,987,360	4,186,728	4,396,064	4,615,868	4,846,661
Hemlock Paper Chips - China (FOB)	1,980,000	2,079,000	2,182,950	2,292,098	2,406,702
Bark Sales	178,500	187,425	196,796	206,636	216,968
Firewood Sales	73,750	77,438	81,309	85,375	89,644
Railroad Ties	30,700	32,235	33,847	35,539	37,316
HT - Biomass (150MT)		14,400,000	15,120,000	15,876,000	16,669,800
HT - Biomass EU (300MT)			28,080,000	29,484,000	30,958,200
Wood Chips for Local Pellet Manufacturers	630,000	661,500	694,575	729,304	765,769
Totals	\$16,084,935	\$31,289,182	\$60,933,641	\$63,980,323	\$67,179,339
Cost of Sales Forecast		Projected 5 Years	s Sales Based or	n Contracts - LOI	
Year	2017 - 2018	2018 - 2019	2019 - 2020	2021 - 2022	2022 - 2023
Quingdao1 White Ash (20 cntrs)	145,000	150,800	155,324	158,430	160,015
Quingdao1 Ash (60 cntrs)	348,000	361,920	372,778	380,233	384,035
Quingdao1 Red Oak (70 cntrs)	406,000	422,240	434,907	443,605	448,041
Quingdao1 Hard Maple (70 cntrs)	406,000	422,240	434,907	443,605	448,041
Quingdao2 (40 cntrs hemlock)	128,000	133,120	137,114	139,856	141,254
Quingdao3 (40 cntrs hemlock)	128,000	133,120	137,114	139,856	141,254
YoTone (900 cntrs hemlock)	2,160,000	2,246,400	2,313,792	2,360,068	2,383,669
Quingdao4 HW Logs (China)	2,030,000	2,111,200	2,174,536	2,218,027	2,240,207
Vessel Hemlock - Spruce Chips China (FOB)	1,602,000	1,666,080	1,716,062	1,750,384	1,767,887
Log Vessel Hemlock - Spruce China (FOB)	3,168,000	3,294,720	3,393,562	3,461,433	3,496,047
Hemlock Paper Chips - China (FOB)	1,656,000	1,722,240	1,773,907	1,809,385	1,827,479
Bark Sales	30,600	31,824	32,779	33,434	33,769
Firewood Sales	40,000	41,600	42,848	43,705	44,142
Railroad Ties	22,000	22,880	23,566	24,038	24,278
HT - Biomass (150MT)		10,512,000	10,827,360	11,043,907	11,154,346
HT - Biomass EU (300MT)			20,217,600	20,621,952	20,828,172
Wood Chips for Local Pellet Manufacturers	157,500	163,800	170,352	177,166	184,253
Totals	\$12,427,100	\$23,436,184	\$44,358,508	\$45,249,085	\$45,706,891
Gross Profit		Projected 5 Years	s Sales Based or	n Contracts - LOI	
Year	2017 - 2018	2018 - 2019	2019 - 2020	2021 - 2022	2022 - 2023
Total	\$3,657,835	\$7,852,998	\$16,575,133	\$18,731,238	\$21,472,448
	22 70/	25 1%	27.2%	20.3%	32.0%

7.2 Profit and Loss Projections

Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16.049.35 \$31.289.182 \$60.933.641 Cost of Goods Sold \$12,427,100 \$23.436.184 \$44.356.364 Gross Margin 22.7% 25.1% 27.2% Operating Income \$36.657.835 \$7.852.998 \$16.575.133 Expenses \$55.000 \$25.750 \$262.826 Marketing Expenses \$55.000 \$35.5750 \$262.826 Marketing Expenses \$35.000 \$36.050 \$36.771 Insurance Costs \$35.000 \$36.050 \$36.771 Insurance Costs \$35.000 \$36.050 \$36.771 Insurance Costs \$35.000 \$375.000 \$75.000 FAME Repayment \$75.000 \$77.000 \$77.000 FAME Repayment \$75.000 \$77.000 \$77.000 Debarker - Precision 1 \$75.000 \$75.000 \$72.000 Indease Searsport \$41.067 \$421.667 \$421.667 Upeharker - Precision 1 \$75.000 \$389.333	Proforma Profit and Loss (Yearly)			
Sales \$16,084,935 \$31,289,182 \$60,933,641 Cost of Goods Sold \$12,427,100 \$23,436,184 \$44,358,506 Gross Margin 22,7% 25,11% 27,2% Operating Income \$3,667,835 \$7,852,998 \$16,575,133 Expenses	Year	2017 - 2018	2018 - 2019	2019 - 2020
Cost of Goods Sold \$12,427,100 \$23,436,148 \$44,336,508 Gross Margin 22.7% 25.1% 27.2% Operating Income \$3,657,835 \$7,852,998 \$16,575,133 Paynoll \$448,000 \$57,60 \$26,265 Marketing Expenses \$35,000 \$36,050 \$36,771 Insurance Costs \$35,000 \$56,150 \$36,677 Insurance Costs \$35,000 \$56,160 \$36,677 Insurance Costs \$35,000 \$56,180 \$36,677 Investor Loans \$209,357 \$104,678 \$66,593 FAME Repayment \$75,000 \$75,000 \$75,000 Front End Loader Lease to Own (60 mo) \$59,369 \$59,369 \$50,000 Debarker - Precision 1 \$75,000 \$75,000 \$50,000 \$250,000 Ring Debarker (Retroft) \$10,000 \$59,339 \$59,339 \$59,339 \$50,000 \$250,000 Ibelarker - Precision 1 \$75,000 \$57,000 \$250,000 \$250,000 \$250,000 \$250,000 \$250,000	Sales	\$16,084,935	\$31,289,182	\$60,933,641
Gross Margin 22.7% 25.1% 27.2% Operating Income \$3,657,835 \$7,852,998 \$16,575,133 Expenses ************************************	Cost of Goods Sold	\$12,427,100	\$23,436,184	\$44,358,508
Operating Income \$3,657,835 \$7,852,998 \$16,575,133 Expenses	Gross Margin	22.7%	25.1%	27.2%
Expenses 9ayroll \$484,000 \$576,820 \$695,915 General and Administrative \$25,000 \$25,750 \$26,265 Marketing Expenses \$5,000 \$36,050 \$36,071 Travel and Vehicle Costs \$50,000 \$61,800 \$63,036 \$67,710 \$74,160 \$75,000 \$75,000 \$77,000 \$77,000 \$77,000 \$77,000 \$77,000 \$77,000 \$77,000 \$72,000 \$72,000 \$72,000 \$72,000 \$72,000 \$72,000 \$72,000 \$72,000 \$72,000 \$72,000 \$72,000 \$72,000 \$72,000 \$72,000 \$72,000 \$72,000 \$52,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$26,000 \$398,333 \$3988,333 \$398,33	Operating Income	\$3,657,835	\$7,852,998	\$16,575,133
Payroll \$484,000 \$576,820 \$695,915 General and Administrative \$25,000 \$25,750 \$26,250 Professional Fees and Licensure \$35,000 \$36,050 \$36,771 Insurance Costs \$35,000 \$36,050 \$36,771 Insurance Costs \$36,000 \$36,050 \$36,771 Insurance Costs \$36,000 \$56,160 \$36,771 Insurance Costs \$360,000 \$61,800 \$863,036 Rent and Utilities \$72,000 \$74,160 \$75,643 Investor Loans \$2209,357 \$104,678 \$50 Eog Loader Lease to Own (60 mo) \$57,900 \$72,000 \$77,000 Debarker - Precision 1 \$75,000 \$57,000 \$250,000 Ring Debarker (Retrofit) \$110,000 \$57,000 \$250,000 Telestacker - Chip Loading System - ROTO/Conveyor \$421,667 \$421,667 Whole Log Debarker/Pripper - Paper Quality 105000 \$339,333 \$398,333 Heawy Equipment - Tractors/Trailers \$75,000 \$25,000 \$25,000 \$25,000	Expenses		•	
General and Administrative \$25,700 \$25,750 \$26,265 Marketing Expenses \$5,000 \$35,150 \$52,257 Professional Fees and Licensure \$35,000 \$36,050 \$36,771 Insurance Costs \$35,000 \$36,050 \$36,071 Insurance Costs \$35,000 \$74,160 \$75,643 Rent and Utilities \$72,000 \$74,160 \$75,643 Investor Loans \$209,357 \$104,673 \$00 Font End Loader Lease to Own (60 mo) \$559,369 \$59,369 \$59,369 Log Loader Lease to Own (24 mo) \$77,000 \$72,000 \$72,000 Debarker - Precision 1 \$75,000 \$50,000 \$250,000 Ring Debarker (Retrofit) \$10,000 \$525,000 \$250,000 Land Lease Boucksport \$96,000 \$421,667 \$421,667 Land Lease Boucksport \$96,000 \$450,000 \$450,000 Land Lease Bucksport \$96,000 \$50,000 \$25,000 Land Lease Bucksport \$96,000 \$10,000 \$25,000 Land L	Pavroll	\$484.000	\$576.820	\$695.915
Marketing Expenses \$5,000 \$5,150 \$5,253 Professional Fees and Licensure \$35,000 \$36,050 \$36,771 Insurance Costs \$35,000 \$51,160 \$53,030 Rent and Utilities \$72,000 \$74,160 \$75,640 Investor Loans \$209,357 \$104,678 \$50 FAME Repayment \$75,000 \$77,000 \$77,000 \$77,000 \$77,000 \$77,000 \$77,000 \$77,000 \$77,000 \$77,000 \$77,000 \$77,000 \$77,000 \$77,000 \$57,000 \$50,368 \$59,368 Log Loader Lease to Own (60 mo) \$57,000 \$57,000 \$50,000 \$250,000 \$50,000	General and Administrative	\$25.000	\$25,750	\$26.265
Professional Fees and Licensure \$35,000 \$36,050 \$36,711 Insurance Costs \$35,000 \$36,050 \$36,711 Travel and Vehicle Costs \$60,000 \$61,800 \$86,303 Rent and Utilities \$72,000 \$74,160 \$75,643 Investor Loans \$209,357 \$104,678 \$00 Front End Loader Lease to Own (60 mo) \$55,369 \$55,369 \$59,369 Log Loader Lease to Own (24 mo) \$77,000 \$77,000 \$72,000 Debarker - Precision 1 \$75,000 \$55,000 \$250,000 Ring Debarker (Retrofit) \$10,000 \$50,000 \$55,000 Telestacker - Chip Loading System - ROTO/Conveyor \$421,667 \$421,667 Whole Log Debarker/Chipper - Paper Quality 105000 \$398,333 \$388,333 Heawy Equipment - Tractors/Trailers \$75,000 \$25,000 \$25,000 Land Lease Bucksport \$96,000 \$96,000 \$310,000 \$25,000 Container Handling Equipment \$125,000 \$25,000 \$226,000 \$226,000 \$226,000 Log Load	Marketing Expenses	\$5,000	\$5,150	\$5,253
Insurance Costs \$35,000 \$36,050 \$36,771 Travel and Vehicle Costs \$60,000 \$61,800 \$83,333 Rent and Utilities \$72,000 \$74,160 \$75,643 Investor Loans \$209,357 \$104,678 \$50 FAME Repayment \$75,000 \$75,000 \$75,000 Front End Loader Lease to Own (60 mo) \$59,369 \$59,369 \$59,369 Log Loader Lease to Own (24 mo) \$75,000 \$75,000 \$72,000 \$820,000 Debarker - Precision 1 \$10,000 \$50,000 \$250,000 </td <td>Professional Fees and Licensure</td> <td>\$35,000</td> <td>\$36,050</td> <td>\$36,771</td>	Professional Fees and Licensure	\$35,000	\$36,050	\$36,771
Travel and Vehicle Costs \$60,000 \$61,800 \$83,036 Rent and Utilities \$72,000 \$74,160 \$75,643 Investor Loans \$209,357 \$104,678 \$0 FAME Repayment \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$50,369 \$59,369 \$59,369 \$59,369 \$59,369 \$59,369 \$59,369 \$59,369 \$59,369 \$50,000 \$72,000 \$72,000 \$72,000 \$72,000 \$82,000 \$85,000 \$85,000 \$85,000 \$85,000 \$85,000 \$82,000 \$8	Insurance Costs	\$35.000	\$36.050	\$36.771
Rent and Utilities \$72,000 \$74,160 \$75,643 Investor Loans \$209,357 \$110,4678 \$65 FAME Repayment \$75,000 \$75,000 \$75,000 \$75,000 Front End Loader Lease to Own (60 mo) \$59,369 \$59,300 \$52,000 \$25,000 \$265,000 \$25,000 \$25,000 \$25,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 <td>Travel and Vehicle Costs</td> <td>\$60,000</td> <td>\$61,800</td> <td>\$63.036</td>	Travel and Vehicle Costs	\$60,000	\$61,800	\$63.036
Investor Loans \$209,357 \$104,678 \$0 FAME Repayment \$275,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$75,000 \$72,000 \$25,000 \$25,000 \$241,667 \$421,667 \$421,667 \$421,667 \$421,667 \$421,667 \$421,667 \$421,667 \$421,667 \$421,667 \$421,667 \$421,667 \$421,667 \$421,667 \$421,667 \$421,667 \$421,667	Rent and Utilities	\$72,000	\$74,160	\$75,643
FAME Repayment \$75,000 \$75,000 \$75,000 Front End Loader Lease to Own (60 mo) \$59,369 \$59,369 \$59,369 Log Loader Lease to Own (24 mo) \$72,000 \$77,000 \$72,000 Debarker - Precision 1 \$75,000 \$75,000 \$22,000 Debarker - Precision 2 \$150,000 \$250,000 Ring Debarker (Retrofit) \$10,000 \$398,333 \$398,333 Heave Equipment - Tractors/Trailers \$75,000 \$326,000 \$421,667 Whole Log Debarker/Chipper - Paper Quality 105000 \$398,333 \$398,333 Heave Equipment - Tractors/Trailers \$75,000 \$45,000 \$45,000 Land Lease Bucksport \$96,000 \$300,000 \$225,000 Land Lease Improvements - Bucksport \$800,000 \$300,000 \$225,000 Container Handling/Loading Equipment \$125,000 \$45,000 \$22,000 Trucking and Hauling \$75,000 \$200,000 \$22,000 Ocean Freight - Container Services \$177,000 \$200,000 \$240,000 Miscellaneous Costs \$10,000	Investor Loans	\$209.357	\$104,678	\$0
Front End Loader Lease to Own (60 mo) \$59,369 \$59,369 \$59,369 \$59,369 Log Loader Lease to Own (24 mo) \$72,000 \$72,000 \$72,000 \$72,000 Debarker - Precision 1 \$75,000 \$75,000 \$250,000 Ring Debarker (Retrofit) \$110,000 \$55,000 \$55,000 Vinole Log Debarker (Chipper - Paper Quality 105000 \$398,333 \$398,333 Heavy Equipment - Tractors/Trailers \$75,000 \$225,000 \$2421,667 Land Lease Searsport \$445,000 \$445,000 \$45,000 Land Lease Bucksport \$96,000 \$96,000 \$25,000 Land Lease Improvements - Bucksport \$60,000 \$30,000 \$225,000 Log Loading - Handling Equipment \$125,000 \$45,000 \$220,000 Log Loading - Handling Equipment \$175,000 \$220,000 \$226,000 Container Handling Coading Equipment \$175,000 \$220,000 \$240,000 Miscellaneous Costs \$110,000 \$10,300 \$10,300 Container Handling Costs \$21,500 \$220,000 \$240,000 <	FAME Repayment	\$75,000	\$75,000	\$75.000
Log Loader Lease to Own (24 mo) \$72,000 \$50,000 \$50,000 \$50,000 \$50,000 \$50,000 \$50,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$25,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$26,000 \$240,000 <t< td=""><td>Front End Loader Lease to Own (60 mo)</td><td>\$59,369</td><td>\$59,369</td><td>\$59,369</td></t<>	Front End Loader Lease to Own (60 mo)	\$59,369	\$59,369	\$59,369
Image Sector Strate Strate Debarker - Precision 1 \$75,000 \$75,000 \$5,000 Ring Debarker (Retrofit) \$10,000 \$5,000 \$5,000 Telestacker - Chip Loading System - ROTO/Conveyor \$421,667 \$421,667 Whole Log Debarker (Retrofit) \$10,000 \$388,333 Heavy Equipment - Tractors/Trailers \$75,000 \$25,000 Land Lease Searsport \$45,000 \$445,000 Land Lease Bucksport \$96,000 \$30,000 \$25,000 Land Lease Improvements - Bucksport \$96,000 \$330,000 \$25,000 Container Handling Loading Equipment \$125,000 \$45,000 \$25,000 Log Loading - Handling Equipment \$125,000 \$25,000 \$25,000 Container Handling Coating Equipment \$75,000 \$20,000 \$22,000 Miscellaneous Costs \$110,000 \$10,300 \$10,506 Payroll Taxes \$72,600 \$86,523 \$104,387 Total Operating Costs \$21,500,000 \$24,421,77 Federal Income Tax \$76,375 \$248,787	Log Loader Lease to Own (24 mo)	\$72,000	\$72,000	\$72,000
Debarker - Precision 2 \$151,000 \$250,000 Ring Debarker - Precision 2 \$150,000 \$\$250,000 Ring Debarker - Chip Loading System - ROTO/Conveyor \$421,667 \$421,667 Whole Log Debarker/Chipper - Paper Quality 105000 \$250,000 Heavy Equipment - Tractors/Trailers \$75,000 \$25,000 Land Lease Searsport \$445,000 \$445,000 Land Lease Bucksport \$60,000 \$330,000 \$25,000 Land Lease Improvements - Bucksport \$60,000 \$36,000 \$25,000 Log Loading - Handling Equipment \$175,000 \$86,000 \$220,000 Container Handling/Loading Equipment \$75,000 \$86,000 \$220,000 Viscellaneous Costs \$110,000 \$10,300 \$120,000 Miscellaneous Costs \$110,000 \$10,300 \$10,300 Payroll Taxes \$72,600 \$86,523 \$104,387 Total Operating Costs \$21,527,509 \$4,993,348 \$13,624,217 Federal Income Tax \$76,375 \$248,787 \$8680,552 Interest Expense \$21,00,000	Debarker - Precision 1	\$75,000	\$75,000	<u> </u>
Ring Debarker (Retrofit) \$10,000 \$5,000 \$5,000 Telestacker - Chip Loading System - ROTO/Conveyor \$421,667 \$421,667 Whole Log Debarker/Chipper - Paper Quality 105000 \$398,333 \$398,333 Heawy Equipment - Tractors/Trailers \$75,000 \$25,000 \$25,000 Land Lease Boarksport \$96,000 \$96,000 \$110,000 Land Lease Bucksport \$96,000 \$30,000 \$25,000 Land Lease Improvements - Bucksport \$60,000 \$30,000 \$25,000 Log Loading - Handling Equipment \$125,000 \$45,000 \$25,000 Log Loading - Handling Equipment \$75,000 \$95,000 \$220,000 Ocean Freight - Container Services \$175,000 \$90,000 \$240,000 Miscellaneous Costs \$10,000 \$10,300 \$10,300 \$10,300 Payroll Taxes \$2,130,326 \$2,850,600 \$2,950,916 13.2% 9.1% 4.8% \$11,624,337 Total Operating Costs \$2,160,35,502 \$995,148 \$2,722,077 State Income Tax \$36,572	Debarker - Precision 2	<i></i>	\$150,000	\$250.000
Trige Jostemic Profile 910000 9421,667 \$421,667 \$421,667 Whole Log Debarker/Chipper - Paper Quality 105000 \$3398,333 \$398,333 \$398,333 \$398,333 \$398,333 \$398,333 \$421,667 \$41,000 \$10,000 \$10,000 \$10,000 \$25,000 \$25,000 \$25,000 \$240,000 \$240,000 \$240,000 \$240,000 \$240,000	Ring Debarker (Retrofit)	\$10,000	\$5,000	\$5,000
Whole Log Debarker/Chipper - Paper Quality 105000 \$398,333 \$398,333 Heavy Equipment - Tractors/Trailers \$75,000 \$25,000 \$45,000 Land Lease Searsport \$46,000 \$45,000 \$45,000 Land Lease Bucksport \$60,000 \$309,033 \$25,000 Land Lease Improvements - Bucksport \$60,000 \$30,000 \$25,000 Log Loading - Handling/Loading Equipment \$125,000 \$45,000 \$25,000 Log Loading - Handling Equipment \$175,000 \$50,000 \$25,000 Trucking and Hauling \$75,000 \$20,000 \$224,000 Ocean Freight - Container Services \$117,000 \$10,300 \$10,300 Miscellaneous Costs \$10,000 \$10,300 \$10,4387 Total Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 BITDA \$1,527,509 \$4,993,348 \$13,624,217 Federal Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$31,023,982 \$3,581,806 \$10,000,00 Depreciation Expenses \$10,000,00	Telestacker - Chip Loading System - ROTO/Conveyor	<i><i><i>ϕ</i>:0,000</i></i>	\$421,667	\$421,667
Heavy Equipment - Tractors/Trailers \$75,000 \$25,000 \$25,000 Land Lease Searsport \$\$45,000 \$\$45,000 \$\$25,000 Land Lease Bucksport \$\$96,000 \$\$96,000 \$\$110,000 Land Lease Improvements - Bucksport \$\$60,000 \$\$30,000 \$\$25,000 Container Handling/Loading Equipment \$\$125,000 \$\$25,000 \$\$25,000 Log Loading - Handling Equipment \$\$75,000 \$\$20,000 \$\$25,000 Ocean Freight - Container Services \$\$175,000 \$\$20,000 \$\$240,000 Miscellaneous Costs \$\$10,000 \$\$10,300 \$\$10,300 \$\$10,300 Payroll Taxes \$\$2,130,326 \$\$2,859,650 \$\$2,950,916 13.2% 9.1% 4.8% EBITDA \$\$1,527,509 \$4,993,348 \$\$13,624,217 Federal Income Tax \$\$76,375 \$\$248,787 \$\$68,552 Interest Expense \$\$21,650 \$11,606 \$13,182 Depreciation Expenses \$\$100,000 \$150,000 \$200,000 Vear 2017 - 2018 2018 - 2019 2019 - 2020<	Whole Log Debarker/Chipper - Paper Quality	105000	\$398,333	\$398,333
Instruct Instruction Instruction <thinstruction< th=""> Instruction <</thinstruction<>	Heaw Equipment - Tractors/Trailers	\$75,000	\$25,000	\$25,000
Land Lease Bucksport \$96,000 \$96,000 \$110,000 Land Lease Improvements - Bucksport \$60,000 \$30,000 \$25,000 Container Handling/Loading Equipment \$125,000 \$45,000 \$25,000 Log Loading - Handling Equipment \$75,000 \$\$50,000 \$25,000 Trucking and Hauling \$75,000 \$\$20,000 \$22,000 Ocean Freight - Container Services \$175,000 \$\$20,000 \$240,000 Miscellaneous Costs \$10,000 \$10,300 \$10,506 Payroll Taxes \$72,600 \$\$6,523 \$104,387 Total Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 13.2% 9.1% 4.8% \$305,502 \$995,148 \$2,722,207 State Income Tax \$305,502 \$995,148 \$2,722,207 \$141 Notoo \$13,182 Depreciation Expense \$21,650 \$17,606 \$13,182 Depreciation Expenses \$100,000 \$200,000 \$200,000 Vear 2017 - 2018 2018 - 2019 2019 - 2020 Sales <	Land Lease Searsport	\$45.000	\$45,000	\$45.000
Land Lease Improvements - Bucksport \$60,000 \$30,000 \$25,000 Container Handling/Loading Equipment \$125,000 \$45,000 \$25,000 Log Loading - Handling Equipment \$75,000 \$50,000 \$25,000 Trucking and Hauling \$75,000 \$95,000 \$120,000 Ocean Freight - Container Services \$175,000 \$200,000 \$240,000 Miscellaneous Costs \$10,000 \$10,300 \$10,506 Payroll Taxes \$72,600 \$86,523 \$104,387 Total Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 13.2% 9.1% 4.8% \$162,275,09 \$4,993,348 \$13,624,217 Federal Income Tax \$305,502 \$995,148 \$2,722,207 \$141 Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$305,502 \$995,148 \$2,722,207 \$141 Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$305,502 \$995,148 \$2,722,207 \$141 Income Tax \$305,000 \$200,0000 \$150,000 \$200,0000<	Land Lease Bucksport	\$96.000	\$96,000	\$110.000
Container Handling/Loading Equipment \$125,000 \$45,000 \$25,000 Log Loading - Handling Equipment \$75,000 \$50,000 \$25,000 Trucking and Hauling \$75,000 \$95,000 \$120,000 Ocean Freight - Container Services \$1175,000 \$200,000 \$240,000 Miscellaneous Costs \$10,000 \$10,300 \$110,506 Payroll Taxes \$12,7600 \$86,523 \$104,387 Total Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 13.2% 9.1% 4.8% \$13,624,217 Federal Income Tax \$305,502 \$993,348 \$13,624,217 Federal Income Tax \$76,375 \$248,787 \$680,552 Interest Expense \$21,650 \$17,606 \$13,182 Depreciation Expenses \$21,650 \$17,606 \$13,182 Depreciation Expenses \$21,000 \$200,000 \$200,000 Net Profit \$1,023,982 \$3,581,806 \$10,008,277 Proforma Profit and Loss (Yearly) \$2017 - 2018 2018 - 2019 2019 - 2020 <td>Land Lease Improvements - Bucksport</td> <td>\$60,000</td> <td>\$30,000</td> <td>\$25.000</td>	Land Lease Improvements - Bucksport	\$60,000	\$30,000	\$25.000
Log Loading - Handling Equipment \$75,000 \$50,000 \$220,000 Trucking and Hauling \$75,000 \$95,000 \$220,000 Ocean Freight - Container Services \$1175,000 \$200,000 \$240,000 Miscellaneous Costs \$10,000 \$10,300 \$10,506 Payroll Taxes \$72,600 \$86,523 \$104,387 Total Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 13.2% 9.1% 4.8% EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Federal Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$76,375 \$248,787 \$680,552 Interest Expense \$21,650 \$17,606 \$13,182 Depreciation Expenses \$100,000 \$150,000 \$200,000 Net Profit Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2	Container Handling/Loading Equipment	\$125.000	\$45,000	\$25.000
Trucking and Hauling \$75,000 \$95,000 \$120,000 Ocean Freight - Container Services \$1175,000 \$200,000 \$240,000 Miscellaneous Costs \$10,000 \$10,300 \$10,506 Payroll Taxes \$72,600 \$86,523 \$104,387 Total Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 13.2% 9.1% 4.8% EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Federal Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$76,375 \$248,787 \$680,552 Interest Expense \$21,650 \$17,606 \$13,182 Depreciation Expenses \$100,000 \$150,000 \$200,000 Net Profit \$1,023,982 \$3,581,806 \$10,008,277 Proforma Profit and Loss (Yearly) Year \$2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 \$0,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541	Log Loading - Handling Equipment	\$75.000	\$50,000	\$25.000
Ocean Freight - Container Services \$175,000 \$200,000 \$240,000 Miscellaneous Costs \$10,000 \$10,300 \$10,506 Payroll Taxes \$72,600 \$86,523 \$104,387 Total Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 13.2% 9.1% 4.8% EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Federal Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$31,624,217 \$680,552 Interest Expense \$21,650 \$17,606 \$13,182 Depreciation Expenses \$100,000 \$200,000 \$200,000 Net Profit Margin 6.4% 11.4% 16.4% Proforma Profit and Loss (Yearly) Year 2017 - 201	Trucking and Hauling	\$75.000	\$95.000	\$120.000
Miscellaneous Costs \$10,000 \$10,300 \$10,500 Payroll Taxes \$72,600 \$86,523 \$104,387 Total Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 13.2% 9.1% 4.8% EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Federal Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$76,375 \$248,787 \$680,552 Interest Expense \$21,650 \$17,606 \$13,182 Depreciation Expenses \$100,000 \$100,000 \$200,000 Net Profit \$1,023,982 \$3,581,806 \$10,008,277 Profit Margin 6.4% 11.4% 16.4% Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541	Ocean Freight - Container Services	\$175.000	\$200.000	\$240.000
Payroll Taxes \$72,600 \$86,523 \$104,387 Total Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 13.2% 9.1% 4.8% EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Federal Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$76,375 \$248,787 \$680,552 Interest Expense \$21,650 \$17,606 \$13,182 Depreciation Expenses \$100,000 \$150,000 \$200,000 Net Profit \$1,023,982 \$3,581,806 \$10,008,277 Profit Margin 6.4% 11.4% 16.4% Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	Miscellaneous Costs	\$10.000	\$10.300	\$10.506
Total Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 13.2% 9.1% 4.8% EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Federal Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$76,375 \$248,787 \$680,552 Interest Expense \$21,650 \$17,606 \$13,182 Depreciation Expenses \$100,000 \$150,000 \$200,000 Net Profit \$1,023,982 \$3,581,806 \$10,008,277 Profit Margin 6.4% 11.4% 16.4% Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	Payroll Taxes	\$72,600	\$86,523	\$104,387
Image of the second s	Total Operating Costs	\$2,130,326	\$2.859.650	\$2.950.916
EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Federal Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$76,375 \$248,787 \$680,552 Interest Expense \$21,650 \$17,606 \$13,182 Depreciation Expenses \$100,000 \$150,000 \$200,000 Net Profit \$1,023,982 \$3,581,806 \$10,008,277 Profit Margin 6.4% 11.4% 16.4% Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277		13.2%	9.1%	4.8%
Federal Income Tax \$305,502 \$995,148 \$2,722,207 State Income Tax \$76,375 \$248,787 \$680,552 Interest Expense \$21,650 \$17,606 \$13,182 Depreciation Expenses \$100,000 \$150,000 \$200,000 Net Profit Proforma Profit and Loss (Yearly) Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	EBITDA	\$1.527.509	\$4,993,348	\$13.624.217
State Income Tax \$76,375 \$248,787 \$680,552 Interest Expense \$21,650 \$17,606 \$13,182 Depreciation Expenses \$100,000 \$150,000 \$200,000 Net Profit \$1,023,982 \$3,581,806 \$10,008,277 Profit Margin 6.4% 11.4% 16.4% Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	Federal Income Tax	\$305.502	\$995,148	\$2,722.207
Interest Expense \$21,650 \$17,606 \$13,182 Depreciation Expenses \$100,000 \$150,000 \$200,000 Net Profit \$1,023,982 \$3,581,806 \$10,008,277 Profit Margin 6.4% 11.4% 16.4% Proforma Profit and Loss (Yearly) Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	State Income Tax	\$76.375	\$248.787	\$680.552
Vertical Vertical	Interest Expense	\$21.650	\$17.606	\$13,182
Net Profit \$1,023,982 \$3,581,806 \$10,008,277 Profit Margin 6.4% 11.4% 16.4% Proforma Profit and Loss (Yearly) Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	Depreciation Expenses	\$100.000	\$150.000	\$200.000
Net Profit \$1,023,982 \$3,581,806 \$10,008,277 Profit Margin 6.4% 11.4% 16.4% Proforma Profit and Loss (Yearly) Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277		+ ,	+ ,	+,
Profit Margin 6.4% 11.4% 16.4% Proforma Profit and Loss (Yearly) Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	Net Profit	\$1,023,982	\$3,581,806	\$10,008,277
Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	Profit Margin	6.4%	11.4%	16.4%
Proforma Profit and Loss (Yearly) 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277				
Year 2017 - 2018 2018 - 2019 2019 - 2020 Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	Proforma Profit and Loss (Yearly)		·	
Sales \$16,084,935 \$31,289,182 \$60,933,641 Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	Year	2017 - 2018	2018 - 2019	2019 - 2020
Operating Costs \$2,130,326 \$2,859,650 \$2,950,916 EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	Sales	\$16,084,935	\$31,289,182	\$60,933,641
EBITDA \$1,527,509 \$4,993,348 \$13,624,217 Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	Operating Costs	\$2,130,326	\$2,859,650	\$2,950,916
Taxes, Interest, and Depreciation \$503,528 \$1,411,541 \$3,615,941 Net Profit \$1,023,982 \$3,581,806 \$10,008,277	EBITDA	\$1,527,509	\$4,993,348	\$13,624,217
Net Profit \$1,023,982 \$3,581,806 \$10,008,277	Taxes, Interest, and Depreciation	\$503,528	\$1,411,541	\$3,615,941
	Net Profit	\$1,023,982	\$3,581,806	\$10,008,277



Profit and Loss Stateme	Profit and Loss Statement (Second Year)													
		2018 - 2019												
Quarter	Q1	Q2	Q3	Q4	2018 - 2019									
Sales	\$6,257,836	\$7,822,295	\$8,448,079	\$8,760,971	\$31,289,182									
Cost of Goods Sold	\$4,687,237	\$5,859,046	\$6,327,770	\$6,562,132	\$23,436,184									
Gross Margin	25.1%	25.1%	25.1%	25.1%	25.1%									
Operating Income	\$1,570,600	\$1,963,249	\$2,120,309	\$2,198,839	\$7,852,998									
Expenses	·	·												
Payroll	\$115,364	\$144,205	\$155,741	\$161,510	\$576,820									
General and Administrative	\$5,150	\$6,438	\$6,953	\$7,210	\$7,210 \$25,750									
Marketing Expenses	\$1,030	\$1,288	\$1,442	\$5,150										
Professional Fees and Licensure	\$7,210	\$9,013	\$9,734	\$10,094	\$36,050									
Insurance Costs	\$7,210	\$9,013	\$9,734	\$10,094	\$36,050									
Travel and Vehicle Costs	\$12,360	\$15,450	\$16,686	\$17,304	\$61,800									
Rent and Utilities	\$14,832	\$18,540	\$20,023	\$20,765	\$74,160									
Miscellaneous Costs	\$2,060	\$2,575	\$2,781	\$2,884	\$10,300									
Payroll Taxes	\$17,305	\$21,631	\$23,361	\$24,226	\$86,523									
Total Operating Costs	\$571,930	\$714,913	\$246,403	\$255,529	\$2,859,650									
EBITDA	\$998,670	\$1,248,337	\$1,873,907	\$1,943,311	\$4,993,348									
Federal Income Tax	\$199,030	\$248,787	\$268,690	\$278,642	\$995,148									
State Income Tax	\$49,757	\$62,197	\$67,173	\$69,660	\$248,787									
Interest Expense	\$4,795	\$4,536	\$4,272	\$4,002	\$17,606									
Depreciation Expense	\$37,500	\$37,500	\$37,500	\$37,500	\$150,000									
Net Profit	\$707,588	\$895.317	\$1,496,272	\$1,553,507	\$3,581,806									

Profit and Loss Projections – Year Two

Profit and Loss Projections – Year Three

Profit and Loss State	Profit and Loss Statement (Third Year)													
		2019 - 2020												
Quarter	Q1	Q2	Q3	Q4	2019 - 2020									
Sales	\$12,186,728	\$15,233,410	\$16,452,083	\$17,061,419	\$60,933,641									
Cost of Goods Sold	\$8,871,702	\$11,089,627	\$11,976,797	\$12,420,382	\$44,358,508									
Gross Margin	27.2%	27.2%	27.2%	27.2%	27.2%									
Operating Income	\$3,315,027	\$4,143,783	\$4,475,286	\$4,475,286 \$4,641,037										

Expenses					
Payroll	\$139,183	\$173,979	\$187,897	\$194,856	\$695,915
General and Administrative	\$5,253	\$6,566	\$7,092	\$7,354	\$26,265
Marketing Expenses	\$1,051	\$1,313	\$1,418	\$1,471	\$5,253
Professional Fees and Licensure	\$7,354	\$9,193	\$9,928	\$10,296	\$36,77 [,]
Insurance Costs	\$7,354	\$9,193	\$9,928	\$10,296	\$36,77 ⁻
Travel and Vehicle Costs	\$12,607	\$15,759	\$17,020	\$17,650	\$63,036
Rent and Utilities	\$15,129	\$18,911	\$20,424	\$21,180	\$75,643
Miscellaneous Costs	\$2,101	\$2,627	\$2,837	\$2,942	\$10,506
Payroll Taxes	\$20,877	\$26,097	\$28,185	\$29,228	\$104,387
Total Operating Costs	\$210,909	\$263,637	\$284,728	\$295,273	\$1,054,54
EBITDA	\$3,104,117	\$3,880,147	\$4,190,558	\$4,345,764	\$15,520,580
Federal Income Tax	\$544,441	\$680,552	\$734,996	\$762,218	\$2,722,207
State Income Tax	\$136,110	\$170,138	\$183,749	\$190,554	\$680,552
Interest Expense	\$3,726	\$3,443	\$3,154	\$2,859	\$13,182
Depreciation Expense	\$50,000	\$50,000	\$50,000	\$50,000	\$200,000
Net Profit	\$2,369,840	\$2,976,014	\$3,218,659	\$3,340,133	\$11,904,64

EXHIBIT "A"

Forward Looking Statements:

THIS CONFIDENTIAL, PROPRIETARY DOCUMENT IS INTENDED FOR REVIEW BY LENDERS, CAPITAL LEASING FIRMS, AND POTENTIAL STRATEGIC ALLIANCES OR INVESTORS. THIS DOCUMENT CONTAINS MATERIAL NONPUBLIC INFORMATION CONCERNING MAINE BIOMASS EXPORTS, INC AND IS PREPARED SOLELY FOR THE USE OF THE PERSON TO WHOM IT IS DELIVERED. ANY USE OF THIS INFORMATION FOR ANY PURPOSE OTHER THAN IN CONNECTION WITH THE SPECIFIC AUTHORIZED CONSIDERATION OF THE COMPANY MAY SUBJECT THE USER TO CRIMINAL AND CIVIL LIABILITY.

This Confidential Business Plan and the documents referred to in this Document include forward-looking statements - that is, statements related to future, not past, events. All statements, other than statements of historical fact, included in or incorporated by reference into this Document are forward-looking statements. In addition, the Company and its representatives may from time to time make other oral or written statements that are also forward-looking statements.

Forward-looking statements involve known and unknown risks, uncertainties and other factors which could cause actual results, performance (financial or operating) or achievements expressed or implied by such forward-looking statements not to occur or be realized. Such forward-looking statements generally are based upon the Company's best estimates of future results, performance or achievement, based upon current conditions and the most recent results of operations. Forward-looking statements may be identified by the use of forward-looking terminology such as "may," "will," "could," "would," "expect," "plan," "anticipate," "intend", "forecast," "potential," "expect," "believe," "estimate," "continue," or similar terms, variations of those terms or the negative of those terms.

Potential strategic alliances, trade partners, lenders and investors should carefully consider such risks, uncertainties and other information and disclosures contained in this Document, which contain cautionary statements identifying important factors that could cause actual results to differ materially from those provided in the forward-looking statements.

Forward-looking statements are made based upon management's current plans, expectations, estimates, assumptions and beliefs concerning future events affecting the Company and, therefore, involve a number of risks and uncertainties. The Company cautions that forward-looking statements are not guarantees and actual results may differ materially from those expressed or implied in the forward-looking statements.

The Company undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time, and it is not possible for the Company to predict all of these factors. Further, the Company cannot assess the effect of each such factor on its business or the extent to which any factor or combination of factors may cause actual results to be materially different from those contained in any forward-looking statement.

EXHIBIT "B"

TDC – Proprietary System Design – Patented and USDA-APHIS Approved http://www.biomasseastportmaine.com/USDA-APHIS%20Letter.pdf

Part of the unique design is a re-application of technology TDC (Thompson Dehydrating Company -Stan Thompson) developed in the 1970's. Portions of this technology were used in the development of a drying technique using only water vapor in what is called 'airless drying'. Airless drying uses only ambient pressure steam (water vapor) that is generated in the drying process. With airless drying there is so little air in the system that the generated wet bulb temperatures are very close to the boiling point of water which makes these gases ideal to recover the energy used in the drying process using evaporators or some other like device. The dryer drums are fabricated to be round without flexing.

Another key feature of the Thompson Dehydrating/ Phytosanitation systems is a proprietary manufacturing technique TDC uses to create the rolling surfaces on the drum and how they are ten able to resurface the drum and trunnions rolling surfaces in the field. They use a grinding system that they developed over (30) thirty years ago that is a special case of 'centeless' grinding that allows them to surface the drum tracks and round them to a few thousands of an inch of total runout. They do their surfacing between the trunnion wheels not above them. To our knowledge TDC is the only company doing this in the world. This technology makes it possible to get the track round and when the tracks are round then they can grind the sealing surfaces round. They have a dryer drum using this technology operating with negative pressures of 17-inches of WC since the mid 1980's.

TDC design also incorporates a modulating exhaust gas recycle (EGR) which they have used since the late 1960's. They also use very low excess air burners and low NOx burners. You may want to know that with the way they recycle the exhaust gases into the combustion chamber that the water vapor in the gases is optic to the radiant energy from the burning natural gas or propane burners and actually absorbs thermal energy from the combustion process which lowers the flame temperature enough that the NOx generation is decreased. They have taken some burners from measuring nearly a hundred parts per million to a measurement (by EPA test methodology) to between 8 and 9 parts per million, very low NOx. Additionally with the design they can generate and maintain high wet bulb temperature drying (over 180 degrees F) using direct fired systems or near water boiling temperatures using airless systems if required.

A critical part of the technology is that until the wood reaches these very high wet bulb temperatures no drying can take place. So if they do some drying in the Phytosanitation process of specific sized chips at these high or very high wet bulb temperatures they will know that all the wood has reached and exceeded the needed temperatures. While all the wood is the wettest it has the greatest heat transfer capability to transfer thermal energy to the core of the wood particle. With their **patented technology of particle retention** they keep the wood particles in the drying system until they reach these very high wet bulb temperatures. They maintain this condition **by sealing up the system which limits any air** in the system between the drum and the **WPS PHYTOSANITATION RETENTION VESSEL / SILO** which retains the wood at and well above the required temperatures for the time required. This is all done using thermal energy and is very efficient. The WPS silo is insulated and is designed to retain the wood above the needed temperatures well in excess of the time required to eliminate any risk. TDC has even worked out tests that can be performed frequently that prove the time is being met. The **wood temperatures are all electronically monitored** through specifically designed proprietary computer programs which demonstrates /proves the EU time and temperature requirements have been met.

TDC has combined these technologies into a patented product that meets USDA's requirements: simply stated - "it works."

EXHIBIT "C"

Site Locations - Millinocket to Bucksport and Searsport - CM&Q Logistics



Comparative overview of where the forests are most prevalent and most accessible by rail:



EXHIBIT "D" The Regional Center EB-5 Pilot Program

The Immigrant Investor Pilot Program ("Pilot Program") was created by Section 610 of Public Law 102-395 (October 6, 1992). This is different in certain ways from the basic EB-5 investor program. The Pilot Program began in accordance with a Congressional mandate aimed at stimulating economic activity and creating jobs for U.S. workers, while simultaneously affording eligible aliens the opportunity to become lawful permanent residents. Through this innovative program, foreign investors are encouraged to invest funds in an economic unit known as a "Regional Center."

A Regional Center is defined as any economic unit, public or private, engaged in the promotion of economic growth, improved regional productivity, job creation and increased domestic capital investment that has been designated and approved by the United States Citizenship and Immigration Services ("USCIS").

Basic requirements of investment through the Pilot Program:

- Capital investment of \$500,000; (if located in a designated "TEA" or "RA" area)
- Must be able to document the lawful source of the investment funds;
- Must be able to pass an extensive background check and physical examination;
- Must create either directly or indirectly, a minimum of 10jobs;
- Must satisfy all USCIS conditions upon completion of the project;

The requirements for an investor under the Pilot Program are essentially the same as in the basic EB-5 investor program except the Pilot Program allows for a less restrictive requirement for "indirect" rather than "direct" job creation. Most USCIS approved Regional Centers are also located in what is called a "Targeted Employment Area" ("TEA") or a "Rural Area" (RA) in which the required investment is just \$500,000 as opposed to the \$1 million investment required by other basic EB-5 investor programs.

Indirect Job Creation: An important advantage to obtaining Regional Center designation is the "indirect" nature of the job creation, which is less difficult to achieve than the "direct" creation of 10 new jobs. The requirement of creating at least 10 new full-time jobs may be satisfied by showing that, as a result of the investment and the activities of the new enterprise, at least 10 jobs will be created indirectly through an employment creation multiplier effect.

Targeted Employment Area (TEA): A "TEA" is a geographic area or political subdivision located within a metropolitan statistical area or within a city or town with a population in excess of 20,000 with an unemployment level at least 150% of the national unemployment rate. TEAs within a state are identified and designated by the governor (and for a TEA within the District of Columbia, designation is made by the Mayor). Typically a Regional Center seeks to encompass one or more TEAs.

Rural Area: A "RA" is a geographical area that is outside a metropolitan statistical area, or part of the outer boundary of any city or town having a population of 20,000 or less as shown by population indicators. In certain areas involving a sparsely populated state, an approved statewide Regional Center likely encompasses both TEAs and RAs.



EXHIBIT "E" Leadership & Organizational Chart



EXHIBIT "F" Strategic Alliances

"G" Feedstock Providers and Certified Maine Foresters

Company Name	Town	Miles	Miles to	Tons	Rail Yard	Emails
LR Hamilton Holding, Inc.	Princeton	67	Miles to	50	Bangor	aadams@tdstelme.net
J.D. Raymond Transport & Timberlands	Dover-Foxcroft	12	Miles to	50	Brownsville	abforestry@ne.twcbc.com
Double H Contracting	Milo	5	Miles to	50	Brownsville	airish251@yahoo.com
Herrick Construction, Inc.	Abbot	18	Miles to	50	Greenville	angi.tth@gmail.com
J.D. Raymond Transport & Timberlands	Dover-Foxcroft	25	Miles to	50	Greenville	asmlogging@aol.com
R.A. Thomas Logging	Guilford	21	Miles to	50	Greenville	awmaddeninc@aol.com
SDR Logging, Inc.	Sebec	25	Miles to	50	Greenville	babineau@midmaine.com
A.S. Madden Logging, Inc.	Greenbush	22	Miles to	50	Hermon	bethdwelley@hotmail.com
J.D. Raymond Transport & Timberlands	Dover-Foxcroft	33	Miles to	50	Hermon	bill@jdraymond.com
D. A. Eastman & Sons, LLC.	Exeter	18	Miles to	50	Hermon	bodarfo@localnet.com
A.W. Madden, Inc.	Milford	14	Miles to	50	Hermon	brian@treelineinc.biz
Madden Sustainable Forestry	Milford	14	Miles to	50	Hermon	brianb@hobouchard.com
Randall Madden Trucking, Inc.	Milford	14	Miles to	50	Hermon	brochu@tdstelme.net
Double H Contracting	Milo	31	Miles to	50	Hermon	bvoisine@fairpoint.net
Madden Timberlands, Inc.	Old Town	12	Miles to	50	Hermon	chndrcampbell@yahoo.com
Glen McKechnie & Sons, Inc.	Passadumkeag	30	Miles to	50	Hermon	clarkpulplogging@live.com
SDR Logging, Inc.	Sebec	35	Miles to	50	Hermon	coreymaddenlogging@yahoo.com
Babineau Trucking & Logging, Inc.	West Enfield	32	Miles to	50	Hermon	dave@northernblasting.com
Tremblay & Levesque, Inc.	West Enfield	32	Miles to	50	Hermon	dj2411@aol.com
Linkletter & Sons, Inc.	Athens	43	Miles to	50	Hermon	dmadden1982@hotmail.com
T.W. Clark Pulp & Logging, LLC.	Corinna	25	Miles to	50	Hermon	dmcsons@gmail.com
Morrison Forest Products, Inc.	Harmony	35	Miles to	50	Hermon	doublehcontra@aol.com
R.J. Gilbert, Inc.	Wellington	40	Miles to	50	Hermon	dtruck@pwless.net_
Timber Express	Madison	50	Miles to	50	Hermon	dunkyusa@midmaine.com
Chester Forest Products	Lincoln	41	Miles to	50	Hermon	dyforestry@roadrunner.com
Delaite's Logging & Trucking, Inc.	Lincoln	41	Miles to	50	Hermon	eldonpelletier@gwi.net
Gardner Chipmill- Lincoln	Lincoln	41	Miles to	50	Hermon	gavinmclain@aol.com
Gardner Chipmill- Millinocket	Lincoln	41	Miles to	50	Hermon	gaylepomeroy@yahoo.com
Gardner Chipmills-Houlton	Lincoln	41	Miles to	50	Hermon	gordonlumber@tds.net
Robin Crawford & Son Woods Co., Inc.	Lincoln	41	Miles to	50	Hermon	grloggingllc@hotmail.com
Tate Brook Timber Co., Inc.	Lincoln	41	Miles to	50	Hermon	hanbrosinc@yahoo.com
Thompson Trucking	Lincoln	41	Miles to	50	Hermon	hanington.lumber@gmail.com
Treeline, Inc.	Lincoln	41	Miles to	50	Hermon	jdcarver65@yahoo.com
WT Gardner & Sons, Inc.	Lincoln	41	Miles to	50	Hermon	jnicolsbros@yahoo.com
Darrell C. McGuire & Sons, Inc.	Linneus	44	Miles to	50	Millinocket	jtyler@cltenv.com
DJ Campbell & Son, Inc.	Danforth	38	Miles to	50	Millinocket	keith@claytonlake.net
HSP Logging, LLC.	Danforth	38	Miles to	50	Millinocket	kenhaley@myfairpoint.net
Peter A. Theriault, Jr. Inc.	Danforth	38	Miles to	50	Millinocket	larrypoulin@fairpoint.net
H. Arthur York Logging	Medway	10	Miles to	50	Millinocket	Iherrick@gwi.net;
Gerald Pelletier, Inc.	Millinocket	1	Miles to	50	Millinocket	linkletterandsons@tds.net
IR Averill, Inc.	Prentiss TWP	32	Miles to	50	Millinocket	lisa.folmer@gmail.com
Orland Dwelley & Son, Inc.	Waite	53	Miles to	50	Millinocket	Lisadelaite@gmail.com
Babineau Trucking & Logging, Inc.	West Enfield	27	Miles to	50	Millinocket	logger1@megalink.net
Tremblay & Levesque, Inc.	West Enfield	27	Miles to	50	Millinocket	Irhamiltonland@pwless.net

Hapington Timborlands	Wytopitlock	20	Milocto	c	Millipockot	mjoconnor@prentissandcarlis	
Willard S. Hanington &	Read Plantation	28	Milesto	5	Millinocket	le com	
Murray LaPlant Inc	Princeton	63	Milesto	5	Millinocket	nathananarthrun Quahaa aa	
Sullivan Logging	Ashland	68	Milesto	5	Millinocket	nathanonorthrup@yanoo.co	
Chopper One Inc	Eagle Lake	03	Milesto	5	Millinocket	m pa2sma@yahoo.com	
D Blourdo Logging Inc	Fort Kont	110	Milocto	-	Millipockot	pnadeau@fairpoint.net	
Nedeeu Legging Inc	Et Kont	110	Milecto	-	Millipockot	ridleylogging@roadrunner.c	
Pollotion & Pollotion	Et Kont	110	Milocto	-	Millipockot	om	
Robinson Lumber Co	Et Kont	110	Milesto	5	Millinocket	rmaddentrucking@aol.com	rohinso
TNT Pood Compony	Et Kont	110	Milocto	-	Millipockot	inided entree in ge doneoni	10011100
Voising Proc. Inc.	Now Canada	100	Milocto	E	Millipockot		
Poussel Logging Inc	Madawaska	116	Milesto	5	Millinocket		
Aroostook Lumber Inc	Chanman	72	Milecto	5	Millinocket		
Carver Bros. Logging, Inc.	Datton	27	Milesto	5	Millipocket		
	Wallagrass	101	Milesto	5	Millinocket		
CP Logging LLC	Van Buron	110	Milocto	-	Millipockot		
Hanington Brothers Inc	Macwahoc Plt	21	Milesto	5	Millinocket		
Deletter Forest Products	Lincoln	22	Milecto		Millinockot		
Gardnar Chinmill Lincoln	Lincoln	22	Milacto	- -	Millinockot		
Gardner Chinmill-	Lincoln	22	Milesto	5	Millinocket		
Gardner Chinmills-Houlton	Lincoln	22	Milesto	5	Millinocket		
Pobin Crawford & Son Woods Co. Inc	Lincoln	22	Milesto	5	Millinocket		
Tate Brook Timber Co	Lincoln	22	Milesto	5	Millinocket		
Thompson Trucking	Lincoln	22	Milesto	5	Millinocket		
Treeline Inc	Lincoln	22	Milesto	5	Millinocket		
A.W. Madden Inc	Milford	28	Milesto	5	Prospect		
Maddon Sustainablo	Milford	20	Miloc to	C	Prospect		
Pandall Madden	Milford	28	Milecto	5	Prospect		
Gary Pomeroy Logging	Hermon	20	May coll	5	Prospect		
Prontice & Carlicle Co	Bangor	20	Milecto	5	Prospect		
	Greenbuch	26	Milles to		Prochact		
LD Daymond Transport & Timborlands	Dever Fevereft	40	Milecto	-	Drocport		
D A Eastman & Sons	Evotor	20	Milocto	-	Brospoct		
Comstock Woodlands	Hampden	12	Milesto	5	Prospect		
Double H Contracting	Milo	50	Milesto	5	Prospect		
Maddon Timborlands, Inc	Old Town	25	Milocto	C	Proceet		
Glan McKachnia & Sans	Daccadumkoad	45	Milocto	c	Proceet		
Elliatt lardan & San Inc	Waltham	20	Miloc to	E	Proceed		
Marshall Jordan Co. Jnc	Walham	20	Milesto	5	Prospect		
Tree Top Manufacturing	Waltham	30	Milecto	5	Prospect		
Dean Young Forestry	Franklin	32	Milesto	5	Prospect		
Linkletter & Sons Inc	Athens	47	Milesto	5	Prospect		
T.W. Clark Pulp &	Corinna	25	Milesto	5	Prospect		
Morrison Forost	Harmony	10	Miloc to	C	Proceet		
P L Gilbert Inc	Wellington	51	Milecto	5	Prospect		
Clark Pulp & Logging	Newport	25	Milesto	5	Prospect		
George Merrill & Son Logging 11C	lav	69	Milesto	5	Searsnort		
L&A Ridley Inc	lav	60	Milesto	5	Searcoort		
Nicols Bros Logging Inc	Mexico	82	Milesto	5	Searcoort		
A&B Ecrestry	Pumford	85	Milecto	5	Searcoort		
Irish Logging	Doru	80	Milecto	5	Searcoort		
Troog Ltd	Sidnov	15	Milocito	E.	Soarcoort		
R&D Logging	Carthage	82	Milecto	5	Searcoort		
Nathan O Northrup Forest Products &	lefferson	45	Milesto		Searsport		
			NIIICS CO	_	scursport		
Gerard Boulin & Sons	Readfield	55	Milecto	-	Searcoort		
		20	Milecto		Carcoort		
	Madison	- 10	Mile to	-	Coorsport	1	
Clark Dula 8 Lagging	Nourport	22	Milasta	- -	Coorcoort		
GCA Logging Inc	Avon	75	Milocto	,	Coarcoart		
1 & S Logging	Rangeley	05	Miles to	2	Searchort		
M &H Construction	Pangolov	05	Milocto	Ē	Soarcoort		
Il Brochu Inc	Stratton	96	Milesto	5	Searsport		
Theriault Timber	Stratton	.06	Milesto	5	Searcoort		
Gordon Lumbering	Strong	75	Miles to	5	Searcoort		
Maine-ly Trees Inc	Strong	75	Milesto	5	Searsport		
			Wee	5650 1	IS Ton		
1				20201			

Financial projections relate to future performance and are subject to known and unknown risks, uncertainties and assumptions that may cause future results, performance or achievements to differ materially from those expected. No assurance can be given that these expectations will prove to be correct and these financial statements should not be unduly relied upon. We make no representation that the actual results achieved will be the same in whole or in part as those set out in the financial projections.

Confidential Business PlanEXHIBIT "H"Comprehensive Integrated Supply Chain



EXHIBIT "I" Maine Biomass Yards, Properties and Facilities





EXHIBIT "J" Rail Justification Data – Cost Benefit Analysis Calculations

Future Rail Access Grant to be offered January 2018 http://www.arthurhouse.com/CBA%20analysis%20worksheet.pdf

Item	Project Alternative	Null Alternative	Indications & Comments	Benefits Categories	Cost Categories
7.1	¢onstruct - fully implement Phytosanitation Processing Plant	Choose alternative site. Do not build in Prospect	Construction of Phytosanitation facility will provide an opportunity to put in new rail sidings and provide dedicated service to wood chip processing facility. Implementing this facility will provide the rail line with stable, long-term rail revenues.	 (+) 36 Factory jobs. 18 of which will be new obs and 18 will be positions that attract workers from other jobs (+) 10 Process & operator jobs. 5 of which will be new jobs and 5 will be positions that attract workers from other jobs (+) 6 Management jobs. 3 of which will be new jobs and 3 will be positions that attract workers from other jobs (+) Increased tax revenues for local, state and federal agencies from new jobs and reallocated jobs. (+) Capital expenditures in Prospect will exceed \$18,000,000 which will increase tax base for Prospect. 	(·) The cost of construction for the plar will exceed \$14.5 M (·) The cost of construction for the rail will exceed \$2 M (·) The cost of training will exceed \$250,000
7.6	Switch from truck carrier system to rail system	Remain with logging truck system Make no move toward rail.	An orderly displacement of truck delivery of logs to rail sidings will reduce reliance upon trucks by approximately 75%	(+) Removing 75% of truck traffic necessary for delivery of logs to meet production.	r (-) Rail siding will be built along the existing line and or in some locations, the existing siding will have to be refurbished and truck scales will need
			A move toward rail line transportation of logging materials will reinvigorate an industry earlier built around moving freight New rail line company can grow within the state and be essential carter in event trade	(+) Reducing log delivery trips from 14,815 to 3,704 to Prospect. Thereby reducing road damages, potential accident damages, road congestion.	to be installed. (-) There will remain some reliance upon diesel as the production requirements of the operation will continue to demand about 25% of
			for the purposes of enhancing the State economy.	(+) reducing diesei fuei consumption and dependency from approximately \$1.5 M annually to \$375,000 for log trucks	product will come in by truck. That will continue to promote carbon footprint and road repair needs.
				(+) Switching to rail at remote locations will provide more local time for loggers and truckers to produce more material and to off- load them to the rail cars sitting at sidings. This will increase productivity and revenue potentia by 150%	(-) There will be an increase in diesel consumption by the rail line but, new Syn Diesel production will offer a means to contain costs.
				(+) More productivity is generated within the logger's community. More money is made and spent in the community	
				(+) increased local narvesting will clear and maintain more local sites, add to truck maintenance expenditures locally and increase traffic and awareness of the rail importance.	
7.7	Cut trucking activity and reduce carbon footprint.	Continue to Create Carbon Emissions and Retain	Implementation of the entire project will provide opportunity to cut truck traffic and	(+) Carbon Sequestration program will be implemented for transportation efficiencies.	(-) The cost of refurbishing and or building rail siding yard.
		Status Quo	reduce carbon footprint by more than 5,000	(+) New employment positions created at each	(-) The cost of installing truck scales.
7.8	Feedstock cost containment program to reduce cost of materials.	Continue to pay higher price for feedstock by truck.	Lower cost feedstock allows for competitive advantage to the EU/UK. By bringing feedstock into the Prospect plant at reduced	(+) Develop wider range of suppliers in wood chip and log supply chain.	(-) The cost of refurbishing and or building rail siding yard.
			prices MBE has options on pricing to client Realizing a wider margin for MBE the decision to take all benefit for MBE as incur	(+) Reducing diesel fuel consumption and dependency from approximately \$1.5 M annually to \$375,000 for log trucks	 (-) The cost of providing Micro Loans to suppliers (risk non-repayment).
				(+) Reducing feedstock raw material supply to Prospect by a margin of approximately 8% which results in greater than a \$1 M increase in MBE margins	(-) Dependent upon rail line capabilities to rotate cars in timely manner.
				 (+) Increased bargaining power with buyers due to provable feedstock supply enhancement and maintaining advantage as a low cost 	
7.9	Build, refurbish and activate remote sidings	Maintain status quo - do nothing. Do not hire added	By utilizing all means and methods available MBE wishes to develop several remote rail	(+) Increased productivity in communities will develop new job opportunities for locals.	(-) The cost of refurbishing and or building rail siding yard.
	remote sidings nothing. Do not hire add employees.		subsequent delivery of logs to Prospect. The use of rail sidings will enable local loggers to participate in an industry that t	 (+) More productivity is generated within the logger's community. More money is made and spent in the community (+) Rail sidings can act as remote storage yards for short term layover of materials. Schedule of logs into Prospect can be regulated. 	 (·) The cost of providing Micro Loans to suppliers (risk non-repayment). (·) Dependant upon rail line capabilities to rotate cars in timely manner.

<u>ltem</u>	Project Alternative	Null Alternative	Indications & Comments	Benefits Categories	Cost Categories
7.10	Create Tax Revenue in Prospect	Do not employ Prospect new hires. Do not increase tax revenues	The establishment of a Phytosanitation facility will offer full time employment on a three shift schedule for entire year (with exception of Holidays). The phasing in of full-time employment is anticipated to commence in the third quarter of 2014 and ramp	 (+) 36 Factory jobs. 18 of which will be new jobs and 18 will be positions that attract workers from other jobs (+) 10 Process & operator jobs. 5 of which will be new jobs and 5 will be positions that attract workers from other jobs (+) 6 Management jobs. 3 of which will be new jobs and 3 will be positions that attract workers from other jobs (+) 6 Increased tax revenues for local, state and federal agencies from new jobs and reallocated jobs. (+) Capital expenditures in Prospect will exceed \$18,000,000 which will increase tax base for Prospect. (+) Jobs created in Prospect will be a mixture of new jobs and a relocation of surrounding employees from other jobs. Jobs will be full time meaningful and substantial. 	(-) The cost of construction for the plant will exceed \$14.5 M (-) The cost of construction for the rail will exceed \$2 M (-) The cost of training will exceed \$250,000
7.11	Engage Rail Line for Log Delivery - Increase Revenues	Continue Delivery by Trucks - Utilize no Rail Service	Implementation of the Prospect program in its full capacity will provide for utilization of 3,750 rail cars to carry log length materials to Prospect from remote rail sidings through the	(+) Distressed rail line, emerging from tragic past conditions and circumstances is provided an opportunity to transform its status.	(-) The cost of construction for the plant will exceed \$14.5 M (-) The cost of construction for the rail will exceed \$2 M
			north and westerly regions of Maine and all along the rail line from	 (+) Expenditures made by MBE will inure to the asset base of the rail line without investment by the rail line itself. (+) Rail line will rehire and or replace and enhance lost jobs during the recent reorganization 	 (-) The cost of training will exceed \$250,000 (-) The cost of rail cars either by lease or acquisition may reach \$25,000 per
7.12	Provide Export Opportunities & Revenue to Port of Searsport	Choose Alternate Port or Do not export processed material	The Port of Searsport is aligned with the Prospect project in a crucial manner in that it is in the most beneficial location that provides deep water facilities, loading capacity, expertise and equipment necessary to handle	(+) Searsport will handle 350,000 to 400,000 (+) Searsportable bulk materials land load approximately (12) Panamax Vessels per year commencing 1st quarter of 2015.	 (-) The cost of equipment to handle and load materials. (-) Port holdings (land mass) may have to be expanded to accommodate (-) Cranes and materials handling
			the entire export volume of MBE	 (+) Port of Searsport may acquire new funding from various sources to enhance their capacity to perform. (+) Potential loading and handling revenue to Searsport can approximate \$3.6 M per year with indexed increases each vear thereafter. 	 (-) Infrastructure expenditures may increase for the first two years to prepare for growth in export.
7.13	Reduce Truck Traffic to Reduce Road Repair Costs	Continue to Use Trucks and Do not Reduce Damage to Roads	"The need for road surface maintenance is greatly attributable to the heaviest vehicles. Based on the findings of the American Association of State Highway Officials (AASHO) road test, damage caused by heavy trucks was long thought to increase with approx.	(+) Reduced truck traffic will annual climate repair and maintenance costs to the immediate area by approximately \$0.02 per mile of reduced travel. (+) In addition to the reduction in road repairs from reduced truck traffic, there is a causal relationship to the reduction in traffic congestion, traffic accidents, and positive increases in workforce productivity.	 (-) All truck traffic to the site by log truck cannot be eliminated therefore road work and repairs will continue to accrue. (-) Reduced truck traffic can also reduce the funds collected by the state for overall road repairs.
7.14	Create Temporary Construction Employment	Hire no construction workers. Do not construct facility.	The work skills required on the project will encompassall those associated with site-work, excavation, rail line construction, heavy concrete infrastructure, major mechanical, electrical and plumbing trades. This is a technologically advanced system that	 (+) Anticipated construction and development budget to approximate \$18 M in 2014 which will create full-time - locally temporary jobs. (+) Temporary taxes generated for the area will approximate \$390,000 in 2014 - not inclusive of peripheral jobs by vendors and local materials purchased in support of the project. 	(-) The jobs are temporary. A majority of construction workers may live outside of the Prospect area.

CONSOLIDATED CALCULATION OF BENEFIT-COST ANALYSIS PROSPECT PHYTOSANITATION FACILITY & RAIL INITIATIVES

Section Consolidated Benefit Category		<u>1</u> 2014	<u>2</u> 2015	<u>3</u> 2016		<u>4</u> 2017		<u>5</u> 2018	<u>6</u> 2019	<u>7</u> 2020	<u>8</u> 2021	<u>9</u> 2022	<u>10</u> 2023	1	<u>otal</u> s
7.1	Factory Jobs in Prospect	-	585,000	585,	000	585,000		585,000	585,000	585,000	585,000	585,000	585,000		5,265,000
7.1a	Processing Operator Jobs Prospect	112,500	225,000	225,	000	225,000		225,000	225,000	225,000	225,000	225,000	225,000		2,137,500
7.1b	New Management Jobs Prospect	82,500	165,000	165,	000	165,000		165,000	165,000	165,000	165,000	165,000	165,000		1,567,500
7.1c	Prospect Tax Revenues	132,000	264,000	264,	000	264,000		264,000	264,000	264,000	264,000	264,000	264,000		2,508,000
7.6	Increased margin for loggers	199,999	199,999	199,	999	199,999		199,999	199,999	199,999	199,999	199,999	199,999		1,999,990
7.7	Carbon Credit Valuation	45,801	45,801	45,	301	45,801		45,801	45,801	45,801	45,801	45,801	45,801		458,010
7.8	Switch Transport Mode from Truck to Rail		1,029,000	1,029,	000	1,029,000		1,029,000	1,029,000	1,029,000	1,029,000	1,029,000	1,029,000		9,261,000
7.9	Remote Rail Siding Tax Revenues	10,800	43,200	43,	200	43,200		43,200	43,200	43,200	43,200	43,200	43,200		399,600
7.10	Prospect Employment Tax Revenues		600,000	600,	000	600,000		600,000	600,000	600,000	600,000	600,000	600,000		5,400,000
7.11	Increased Rail Operation Net Margins		399,181	399,	81	399,181		399,181	399,181	399,181	399,181	399,181	399,181		3,592,629
7.12	Increased Port Operation Net Margins		163,620	163,	620	163,620		163,620	163,620	163,620	163,620	163,620	163,620		1,472,580
7.13	Reduction in Highway Repair Costs	10,833	43,333	43,	333	43,333		43,333	43,333	43,333	43,333	43,333	43,333		400,830
7.14	Temporary Employment Taxes	390,000													390,000
															-
	Total Benefit Costs	\$ 984,433 \$	3,763,134	\$ 3,763,1	34 \$	3,763,134	\$ 3	3,763,134	\$ 3,763,134	\$ 3,763,134	\$ 3,763,134	\$ 3,763,134	\$ 3,763,134	3	4,852,639
6%	Discount Factor	1.060%	1.124%	1.191%		1.262%	1	.338%	1.419%	1.504%	1.594%	1.689%	1.791%		
	Present Value	\$ 925,367 \$	3,537,346	\$ 3,537,3	46 \$	3,537,346	\$ 3	3,537,346	\$ 3,537,346	\$ 3,537,346	\$ 3,537,346	\$ 3,537,346	\$ 3,537,346	\$ 32	,761,481
	Sum of Present Values of Benefits	\$	32,761,481												
	Present Value Costs (Total Project)	\$	18,000,000												
	Benefit-Cost Ratio	1.82													

	CALCULATION OF BENEFIT-COST ANALYSIS PROSPECT PHYTOSANITATION FACILITY AND RAIL LINE INVESTMENTS ONLY TABLE 2												
Section	Consolidated Benefit Category		<u>1</u> 2014	<u>2</u> 2015	<u>3</u> 2016	<u>4</u> 2017	<u>5</u> 2018	<u>6</u> 2019	<u>7</u> 2020	<u>8</u> 2021	<u>9</u> 2022	<u>10</u> 2023	<u>Total</u> s
7.11	Increased Rail Operation Net Margins		399,181	399,181	399,181	399,181	399,181	399,181	399,181	399,181	399,181	399,181	3,991,810
	Total Benefit Costs	\$	399,181 \$	399,181 \$	399,181 \$	399,181 \$	399,181 \$	399,181 \$	399,181 \$	399,181 \$	399,181 \$	399,181	3,991,810
6%	Discount Factor		1.06	1.12	1.19	1.26	1.34	1.42	1.50	1.59	1.69	1.79	
	Present Value	\$	376,586 \$	355,270 \$	335,160 \$	316,189 \$	298,291 \$	281,407 \$	265,478 \$	250,451 \$	236,275 \$	222,901 \$	2,938,007
	Sum of Present Values of Benefits	\$		2,938,007									
	Present Value Costs (Total Project)	\$		2,154,500									
	Benefit-Cost Ratio		1.36										

EXHIBIT "K" Research Citations

"On June 17, 2014 the European Union published amendments to its principle plant health directive (Council Directive 2000/29/EC) which regulates the import of plants and plant products including forestry products. Member countries of the European Union are to adopt the requirements within their laws, regulations, etc. by 30 September 2014. The Requirements will come into force for imports arriving on or after October 1, 2014. Wood must be: - heat Treated or.... by using approved processes. At present the E.U. has not approved any fumigation products. Heat treatment is defined as the application of 56 °C for a minimum duration of 30 continuous minutes throughout the entire profile of the wood (including at its core)."

GDF Suez constructed the "the fifth largest electricity plant in the country and the largest plant in south-eastern Poland", fuelled 80% by wood chips and 20% by agricultural waste. In 2016 GDF SUEZ Energia Polska SA, became a part of Engie. In December 2016 the plant was sold for \$255M USD¹⁴. The PLN 1bn (\$290m) Polaniec biomass power plant is being constructed at the site of the existing 1,800MW Polaniec power station in Polaniec, Poland. Construction of the biomass fuelled power plant is being undertaken to complement the European Union's target to generate 15% of energy from renewable sources by 2020. The plant will cut down carbon dioxide emissions by about 1.2 million tons (mt) annually. Poland produces about 35mt/y of wood waste and 14mt/y of agricultural waste. The new biomass power plant will exploit these wastes to produce renewable energy. It is expected to use up to 890,000t of wood chips and 222,000t of agricultural waste annually. http://www.power-technology.com/projects/polaniec-biomass-power-plant-poland/

Biomass 2020: Opportunities, Challenges and Solutions; the <u>Union of the Electricity Industry–EURELECTRIC</u>: Biomass has the capability to contribute strongly to meeting the European Union's renewable targets for both heat and electricity in 2020. We estimate a feasible increase of 82 Mtoe (equivalent to 42.217 GJ [gigajoules]) in 2010 to 120 Mtoe by 2020 (with an additional import of up to 40 Mtoe). A 46.3% increase. This increase shall rely on a 40% increase of imported Biomass. Opening international markets is required to ensure the long-term security of supply for biomass imports into the EU. Even if EU growth in their own production occurs, there will still be a biomass supply gap of around 25-40 Mtoe leaving lucrative opportunities for US firms to enter the market early.

UK's Drax opens biomass conversion plant: By Henning Gloystein; LONDON Mon Dec 9, 2013 11:36am GMT (Reuters) - Britain's coal-fired power producer Drax opened its coal-to-biomass conversion plant on Monday as part of a 700 million pound project to clean up emissions from the country's biggest coal power station. Drax secured financing at the end of last year enabling a 700 million pound (\$1.1 billion) investment plan involving a switch to using wood pellets instead of coal, which produces more carbon for generating electricity than wood pellets. The biomass conversion will see three of the six generating units at the power station converted to burn sustainable biomass in place of coal. Each converted unit will provide enough renewable electricity to meet the annual needs of over 1 million homes, Drax said. http://uk.reuters.com/article/2013/12/09/uk-energy-britain-coal-drax-idUKBRE9B80D920131209

UK's Drax power group boosted by support for biomass switch: By Michael Kavanagh; December 4, 2013; Shares in Drax jumped on Wednesday after the owner of Britain's biggest electrical power station, in North Yorkshire, confirmed the government go-ahead for revised price support to enable it to switch half its capacity from coal to biomass. http://www.ft.com/cms/s/0/2ef9f3ca-5d04-11e3-a558-00144feabdc0.html#axzz2qsluss1U

Drax steams ahead with £700m biomass conversion: Yorkshire power plant's green transformation continues as new systems to support first biomass unit are opened; By Will Nichols; 09 Dec 2013; Drax power station is set to transform from the UK's biggest carbon emitter into its largest green electricity generator following a £700m coal-to-biomass conversion project. The Yorkshire site is currently the largest single emitter of carbon dioxide in the UK and provides about seven to eight per cent of the UK's total power.

http://www.businessgreen.com/bg/news/2317863/drax-steams-ahead-with-gbp700m-biomass-conversion

REA welcomes opening of Drax biomass power plant: Welcoming the opening of the Drax coal-to-biomass conversion plant by Ed Davey today [1], REA Chief Executive Dr Nina Skorupska said: "Biomass is exactly what the UK energy mix needs". Through converting old coal plants and building new biomass plants, we can have electricity when we need it and keep the lights on this decade using sustainable wood fuel instead of polluting coal power. "The Government actually plans to withdraw support for new biomass power-only plants – which is a grave mistake. This makes it all the more vital that

¹⁴ "Enea buys Polaniec power plant from France's Engie for \$255 mln," Reuters, Dec 24, 2016

Government provides effective support for biomass conversion and combined heat and power under the new EMR package, to reassure investors that it understands the benefits of this cost-effective, base load source of renewable energy." http://www.r-e-a.net/news/rea-welcomes-opening-of-drax-biomass-power-plant

Drax surges on biomass subsidy news despite uncertain markets: Investors stay cautious on equities amid doubts about Federal Reserve stimulus measures; Drax, the power station owner, surged 59p or nearly 9% to 743p after the UK government set its subsidy prices for renewable energy projects. The company is aiming to convert three of its six generating plants to produce energy from biomass rather than coal, and the government confirmed a strike price of £105 per megawatt hour from 2015 for biomass generation. This is in line with a provisional announcement, but there had been some suggestions it could be scaled back. Exane BNP Paribas analyst Iain Turner told Reuters: http://www.theguardian.com/business/marketforceslive/2013/dec/04/drax-biomass-subsidy-ftse-uncertain

European Biomass Review: Renewable energy policy in Europe will see biomass demand grow by almost 50% between 2010 and 2020 with increased use of biomass not only in the energy sector but also in industrial and residential sectors. http://www.risiinfo.com/risi-store/do/product/detail/European-Biomass-Review.html?source=D16J

European biomass demand to more than treble by 2020-report: * European wood pellet demand to rise to 29 mmt in 2020* Europe to import 66 pct of biomass from abroad * Global biomass power production to rise 9 pct per year. LONDON, Jan 11 (Reuters) - European demand for wood to produce electricity is seen rising more than three-fold by 2020, as governments offer subsidies for greener energy sources. http://www.reuters.com/article/2013/01/11/europebiomass-demand-idUSL5E9CADCJ20130111

European Biomass Demand To Grow 44% Between 2010 and 2020: Unless new sources are developed, Europe faces an acute shortage Energy policy in EU will generate an increase in biomass demand of 44% between 2010 and 2020. http://www.prnewswire.com/news-releases/european-biomass-demand-to-grow-44-between-2010-and-2020-125317693.html

MEETING EUROPEAN DEMAND FOR BIOMASS WOOD PELLETS: MILLICENTMEDIA.COM Driven by EU renewables targets, demand for biomass wood to soar over next decade as utilities displace coal in power plants. http://millicentmedia.com/2012/07/04/meeting-european-demand-for-biomass-wood-pellets/

The Future of Biomass in North America and Europe: The commitment by European nations to move towards clean energy has made biomass an attractive option in the EU. Because of the strong and sustainable forest products industry in North America, the United States is uniquely positioned to significantly increase its use and production of biomass energy. http://www.zilkha.com/about-biomass/the-future-of-biomass/

Wood Pellets in High Demand in the EU; by Steve Wagner Projections suggest that the EU will require between 16 million and 60 million tons of imported wood pellets to carry out the goals of the Renewable Energy Directive. http://midamericafreight.org/2012/11/wood-pellets-in-high-demand-in-the-eu/

Entry into the Wood Pellet Supply Industry: Global demand for wood pellets is projected to triple by 2020, to 50 million metric tons. Rentech has secured the key elements to quickly become an industrial scale supplier of wood pellets from Eastern Canada to the Canadian and European utility markets with:

http://finance.yahoo.com/news/rentech-acquires-wood-chip-processor-110000898.html