

**Canada - Used Tires to Carbon Black**

**Pro Forma Financial Statements - ATS2000 Plant processing 15,840 Tons of Used Tires per year, operating 330 days per year in Canada ( in CAD currency )**

REVENUE	Assumptions	Sale Price per Ton	% of Prod.	Total Ton Production	Revenue	1st year	2nd year	3rd year	4th year	5th Year
Fuel Oil/\$400/T		400	40%	9,504	3,801,600	3,801,600	3,915,648	4,033,117	4,154,111	4,278,734
N grade CB		2,300	38%	9,029	20,766,240	20,766,240	21,389,227	22,030,904	22,691,831	23,372,586
Steel		300	7%	1,663	498,960	498,960	513,929	529,347	545,227	561,584
Tire recycling \$3.00/tire	1	300		15,890	4,767,000	4,767,000	4,910,010	5,057,310	5,209,030	5,365,300
<b>Total Revenue</b>					<b>29,833,800</b>	<b>29,833,800</b>	<b>30,728,814</b>	<b>31,650,678</b>	<b>32,600,199</b>	<b>33,578,205</b>
<b>Operational Expense</b>										
Electricity Equipment	2				11,340	11,340	11,567	11,798	12,034	12,275
Diesel or Natural Gas	3				48,000	48,000	48,960	49,939	50,938	51,957
Water	4				7,310	7,310	7,456	7,605	7,757	7,913
Maintenance Equipment	5				50,000	50,000	51,000	52,020	53,060	54,122
Water Treatment	6				2,000	2,000	2,040	2,081	2,122	2,165
Landfill waste disposal fee	7				33,000	33,000	33,660	34,333	35,020	35,720
CB Packaging	8				330,000	330,000	336,600	343,332	350,199	357,203
Chemical Catalyst	9				60,000	60,000	61,200	62,424	63,672	64,946
Filter Replacement	10				33,000	33,000	33,660	34,333	35,020	35,720
Plant Rental	11				72,000	72,000	73,440	74,909	76,407	77,935
Property Taxes	12				15,000	15,000	15,300	15,606	15,918	16,236
Electricity Plan Office	13				18,000	18,000	18,360	18,727	19,102	19,484
Waste Discharge	14				8,400	8,400	8,568	8,739	8,914	9,092
Cleaning	15				18,000	18,000	18,360	18,727	19,102	19,484
Water - Office	16				3,000	3,000	3,060	3,121	3,184	3,247
<b>Total</b>					<b>709,050</b>	<b>709,050</b>	<b>723,231</b>	<b>737,696</b>	<b>752,450</b>	<b>767,499</b>
<b>Employee Expense</b>			<b>No.</b>	<b>Salary</b>						
Plant Manager			1	66,000	66,000	66,000	69,300	72,765	72,765	72,765
Marketing and Product Manager			0	54,000	-	54,000	56,700	59,535	59,535	59,535
Asst Plant Manager			1	48,000	48,000	48,000	50,400	52,920	52,920	52,920
Foreman			3	42,000	126,000	126,000	132,300	138,915	138,915	138,915
Equipment Operators			12	36,000	432,000	432,000	453,600	476,280	476,280	476,280
Engineers			2	60,000	120,000	120,000	126,000	132,300	132,300	132,300
Chemist			0	60,000	-	-	-	-	-	-
Administrative Assistants			2	24,000	48,000	48,000	50,400	52,920	52,920	52,920
Marketing & Sales Staff			0	48,000	-	-	-	-	-	-
Accounting Dept			1	48,000	48,000	48,000	50,400	52,920	52,920	52,920
<b>Total</b>					<b>888,000</b>	<b>942,000</b>	<b>989,100</b>	<b>1,038,555</b>	<b>1,038,555</b>	<b>1,038,555</b>
CPP & EI	17		7.23%		64,202	64,202	71,512	75,088	75,088	75,088
Benefits			6.50%		57,720	57,720	64,292	67,506	67,506	67,506
<b>Total</b>					<b>1,009,922</b>	<b>1,063,922</b>	<b>1,124,903</b>	<b>1,181,149</b>	<b>1,181,149</b>	<b>1,181,149</b>
<b>Liability and Insurance</b>										
Liability	18				60,000	60,000	61,200	62,424	63,672	64,946
Worker's Comp			0.97%		8,614	8,614	9,594	10,074	10,074	10,074
<b>Total</b>					<b>68,614</b>	<b>68,614</b>	<b>70,794</b>	<b>72,498</b>	<b>73,746</b>	<b>75,020</b>
<b>Office &amp; Yard Expense</b>										
Office & Lab supplies	19				48,000	48,000	48,960	49,939	50,938	51,957
Yard Maintenance	20				24,000	24,000	24,480	24,970	25,469	25,978
Postage & Courier					24,000	24,000	24,480	24,970	25,469	25,978
Cell Phones			15		9,000	9,000	9,180	9,364	9,551	9,742
Office phone & fax					4,500	4,500	4,590	4,682	4,775	4,871
Security system					12,000	12,000	12,240	12,485	12,734	12,989
<b>Total</b>					<b>121,500</b>	<b>121,500</b>	<b>123,930</b>	<b>126,409</b>	<b>128,937</b>	<b>131,516</b>
<b>Administrative Expenses</b>										
Marketing Contract - EWS	21		2.0%		596,676	596,676	608,610	620,782	633,197	645,861
Legal					12,000	12,000	12,240	12,485	12,734	12,989
Public Relations					60,000	60,000	61,200	62,424	63,672	64,946
Testing					48,000	48,000	48,960	49,939	50,938	51,957
Fees & Licenses					24,000	24,000	24,480	24,970	25,469	25,978
Commission	22		5%		1,491,690	1,491,690	1,521,524	1,551,954	1,582,993	1,614,653
<b>Total</b>					<b>2,232,366</b>	<b>2,232,366</b>	<b>2,277,013</b>	<b>2,322,554</b>	<b>2,369,005</b>	<b>2,416,385</b>
<b>Total Operating Expenses</b>					<b>4,141,452</b>	<b>4,195,452</b>	<b>4,319,872</b>	<b>4,440,304</b>	<b>4,505,286</b>	<b>4,571,567</b>
Amortization @5%-12,000,000	23		5%		600,000	600,000	600,000	600,000	600,000	600,000
Royalty % of gross revenue	24		5%		1,491,690	1,491,690	1,536,441	1,582,534	1,630,010	1,678,910
<b>Net Profit Before Tax (NPBT)</b>					<b>24,200,658</b>	<b>24,146,658</b>	<b>24,872,501</b>	<b>25,627,840</b>	<b>26,464,903</b>	<b>27,327,727</b>
<b>Net Profit Before Tax (USD)</b>	25				<b>18,200,362</b>	<b>18,159,751</b>	<b>18,705,629</b>	<b>19,273,690</b>	<b>19,903,212</b>	<b>20,552,108</b>

PRO FORMA Financial Statements - ATS2000 Plant processing 15,840 Tons of Used Tires per year - operating 330 days per year  
( in CAD currency )

**Assumptions : -**

Input volume Tonnes /Y: 23,760

The ProForma Financial statement was prepared by Magnum's manufacturing partner, MGI Thermolysis Systems Inc, with input from Emergent Waste Solutions Inc., an operational Licensee of Magnum. Updated March 2023.  
The composition of feedstock varies from location to location, and this may result in different by-products being produced. As the percentage of conversion to carbon black produced may vary, a conservative market value of \$2,300 per ton for carbon black is used for compensation.

The ProForma does not take into account any revenue that can be derived from carbon credits, which can be significant.

- 1 Tipping fee paid by Tire recycling authority \$3.00/per tire -100 tires per ton (in BC)
- 2 Electricity -projected 2,000,000 kwh@\$0.667/kwh-1,000,000kwh allocated for pre & post processing equipment
- 3 Diesel or natural gas \$48,000 for start up of furnace
- 4 Water projection on usage of 1.9 million gallons @ commercial rate of \$0.005/gallon
- 5 Maintenance of equipment \$50,000
- 6 Water treatment \$2,000
- 7 Landfill disposal fee\$33,000
- 8 CB Packaging cost projection based on plant size -cost \$50.00/ton of carbon black
- 9 Chemical catalysts (cost projections including acid washing if required) \$60,000
- 10 Filter & Seal replacement - cost projection \$33,000
- 11 Plant rental for 10,000 sq ft @\$6.00 per sq ft
- 12 Triple net costs \$4.00/sq ft (landlords estimated cost of ins., taxes, and other charges assumed by tenant ) of plant
- 13 Projected electricity plant office and lab equipment and staff room \$18,000
- 14 Projected waste discharge fee of \$8,400 - base on research data
- 15 Projected cleaning of office, lab and staff facilities \$18,000
- 16 Water supplied for office usage \$3,000
- 17 Projected CPP & EI 7.23% - based on gov't charts - employee benefits-dental & health plans 6.5%
- 18 Projected Liability, equipment & auto insurance \$60,000 - Workmens compensation 0.97% - based on WCB designations
- 19 Projected Office and Lab supplies \$4,000
- 20 Projected Yard Maintenance \$24,000, Postage & courier\$24,000, Cell phones \$9,000, office tel & fax \$4,500, security \$12,000
- 21 Marketing & advertising !.5% of sales
- 22 Projected Admin Expenses - Legal \$12,000 -Public relations \$60,000- Testing \$48,000 - license fees \$24,000 Sales comm. 5%
- 23 Amortization based on 20 year amortization rate -5%
- 24 Gross Royalty as per licensing agreement - 5%
- 25 As at June 29, 2018 the currency exchange is 1USD = CAD 1.32968

**Other assumptions** - revenue projections to increase 3% per year , operational and admin expenses to increase 2% per year excepting wages which are projected to increase by 5% for first 3 operational years.