

**China - MSW to Activated Carbon**  
**ProForma Financial Statements - ATS2000 system processing 90Ton/day or 31,500 Tons of dried sorted MSW (\*equivalent to 170 Tons per day of non dried non sorted MSW) yearly operating 350 days per year in China**

( in USD )

REVENUE	Assumptions	Sale Price	% post	Total Ton	Revenue	1st year	2nd year	3rd year	4th year	5th Year
	Conversion %	per Ton	sorting prod.	Production/yr	per year					
From pre sorting	metals	200	2.30%	1,369	273,700	273,700	273,700	273,700	273,700	273,700
	Glass	100	3.60%	2,142	214,200	214,200	214,200	214,200	214,200	214,200
Biomass & yard Trimmings	Biochar 25%		38.6%	3,040	-	-	-	-	-	-
Cardboard & paper	Biochar 35%		22.2%	2,448	-	-	-	-	-	-
Wood	Biochar 30%		3.9%	369	-	-	-	-	-	-
Ash Soil Plastics carbon base	Biochar 15%		3%	142	-	-	-	-	-	-
Activated Carbon (AC)	AC 95% of BC	2,000	85%	5,098	10,195,920	10,195,920	10,195,920	10,195,920	10,195,920	10,195,920
<b>TOTAL</b>	<b>Total</b>				<b>10,683,820</b>	<b>10,683,820</b>	<b>10,683,820</b>	<b>10,683,820</b>	<b>10,683,820</b>	<b>10,683,820</b>
Plastics (excluding PET & PVC)	Fuel Oil 70%	300	17.5%	4,447	1,334,025	1,334,025	1,334,025	1,334,025	1,334,025	1,334,025
Textile ,rubber & leather,others	Fuel oil 30%	400	8.5%	926	370,260	370,260	370,260	370,260	370,260	370,260
Bio Char	Bio Oil 40%	150	40%	13,440	2,016,000	2,016,000	2,016,000	2,016,000	2,016,000	2,016,000
<b>TOTAL</b>	<b>Total</b>				<b>3,720,285</b>	<b>3,720,285</b>	<b>3,720,285</b>	<b>3,720,285</b>	<b>3,720,285</b>	<b>3,720,285</b>
<b>Tipping Fee on pre-sorted MSW</b>	<b>1</b>									
<b>GROSS REVENUE</b>					<b>14,404,105</b>	<b>14,404,105</b>	<b>14,404,105</b>	<b>14,404,105</b>	<b>14,404,105</b>	<b>14,404,105</b>
Royalty % of gross revenue	2	5%			720,205	720,205	720,205	720,205	720,205	720,205
<b>GROSS REVENUE LESS ROYALTY</b>					<b>13,683,900</b>	<b>13,683,900</b>	<b>13,683,900</b>	<b>13,683,900</b>	<b>13,683,900</b>	<b>13,683,900</b>
<b>Operational Expense</b>										
Diesel or natural gas	3					48,000	48,000	48,000	48,000	48,000
Electricity Equipment	4					200,000	200,000	200,000	200,000	200,000
Water	5					7,000	7,000	7,000	7,000	7,000
Maintenance Equipment	6					66,000	66,000	66,000	66,000	66,000
Water Sewage Treatment	7					34,000	34,000	34,000	34,000	34,000
Landfill waste disposal fee	8					33,000	33,000	33,000	33,000	33,000
CB Packaging	9					254,898	254,898	254,898	254,898	254,898
Chemical Catalyst	10					30,000	30,000	30,000	30,000	30,000
Filter, Gasket Replacements	11					48,400	48,400	48,400	48,400	48,400
Plant Rental	12					180,000	180,000	180,000	180,000	180,000
Triple Net costs	13					120,000	120,000	120,000	120,000	120,000
Electricity Plant Office	14					36,000	36,000	36,000	36,000	36,000
Misc. Waste Disposal	15					7,000	7,000	7,000	7,000	7,000
Cleaning	16					14,400	14,400	14,400	14,400	14,400
Water, Coffee ect. - Office	17					6,000	6,000	6,000	6,000	6,000
<b>Total</b>						<b>1,084,698</b>	<b>1,084,698</b>	<b>1,084,698</b>	<b>1,084,698</b>	<b>1,084,698</b>
<b>Employee Expense</b>										
		No.	Salary							
Plant Manager		1	50,000			50,000	50,000	50,000	50,000	50,000
Asst Plant Manager		1	43,000			43,000	43,000	43,000	43,000	43,000
Foreman (factory worker)		3	6,792			20,376	20,376	20,376	20,376	20,376
Equipment Operators		6	3,600			21,600	21,600	21,600	21,600	21,600
Engineers		1	43,000			43,000	43,000	43,000	43,000	43,000
Chemist		1	43,000			43,000	43,000	43,000	43,000	43,000
Adminstrative Assistants		1	3,600			3,600	3,600	3,600	3,600	3,600
Marketing & Sales Staff	30 & 31	1	43,000			43,000	43,000	43,000	43,000	43,000
Accounting Dept	18	1	30,000			30,000	30,000	30,000	30,000	30,000
<b>Total</b>		16				<b>297,576</b>	<b>297,576</b>	<b>297,576</b>	<b>297,576</b>	<b>297,576</b>
Payroll Taxes		10%				29,758	29,758	29,758	29,758	29,758
Medical		16	3,000			48,000	48,000	48,000	48,000	48,000
Employee Pension		5%				14,879	14,879	14,879	14,879	14,879
<b>Total</b>						<b>390,212</b>	<b>390,212</b>	<b>390,212</b>	<b>390,212</b>	<b>390,212</b>
<b>Liability and Insurance</b>										
Liability	19									
Property	20									
Auto	21									
Umbrella (Total insurance costs)	22		(19-22)			30,000	30,000	30,000	30,000	30,000
Worker's Comp	23		3%			8,927	8,927	8,927	8,927	8,927
<b>Total</b>						<b>38,927</b>	<b>38,927</b>	<b>38,927</b>	<b>38,927</b>	<b>38,927</b>
<b>Office &amp; Yard Expense</b>										
Office & Lab supplies	24					48,000	48,000	48,000	48,000	48,000
Yard Maintence	25					24,000	24,000	24,000	24,000	24,000
Postage & Courier	26					16,000	16,000	16,000	16,000	16,000
Cell Phones			15			27,000	27,000	27,000	27,000	27,000
Office phone & fax						4,500	4,500	4,500	4,500	4,500
Security system						12,000	60,000	60,000	60,000	60,000
<b>Total</b>						<b>131,500</b>	<b>179,500</b>	<b>179,500</b>	<b>179,500</b>	<b>179,500</b>
<b>Adminstrative Expenses</b>										
Marketing/Advertising	27		1.5%			216,062	216,062	216,062	216,062	216,062
Legal						36,000	36,000	36,000	36,000	36,000
Testing	28					200,000	200,000	200,000	200,000	200,000
Fees & Licenses						20,000	20,000	20,000	20,000	20,000
Commission	29		5%			720,205	720,205	720,205	720,205	720,205
<b>Total Expenses</b>						<b>1,192,267</b>	<b>1,192,267</b>	<b>1,192,267</b>	<b>1,192,267</b>	<b>1,192,267</b>
<b>Net Profit Before Tax (USD)</b>						<b>2,837,605</b>	<b>2,885,605</b>	<b>2,885,605</b>	<b>2,885,605</b>	<b>2,885,605</b>
						<b>\$11,566,500</b>	<b>\$11,518,500</b>	<b>\$11,518,500</b>	<b>11,518,500</b>	<b>11,518,500</b>

**Assumptions**

Updated Apr. 2022.

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.  
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 activated carbon produced may vary, a conservative market value of \$1,500 per ton of activated carbon 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 - presumed none at all.
- 2 Royalty based on 5% of gross revenue, to be paid to MGI and its scientific team.
- 3 Diesel or Natural gas \$48,000
- 4 Based on usage of existing plant - Projected 1,00,000 kwh @.0667/kwh hour - 1,500,000 kwh allocated for pre & post processing equipment
- 5 Water Projection use of 1.4 Million gallons of water@commercial rate of .005/gallon. As well, no ancillary equipment are used to recycle the water consumption by about 80 to 85%, as the water content is not a significant expense item.
- 6 The projected cost of \$66000 is reasonable based upon such plant size. (includes estimate for maintenance of pre processing equipment)
- 7 Water Treatmentand sewage projection cost based on plant size and 70% of water usage.
- 8 Landfill disposal fee of \$33,000 projection based on research data.
- 9 CB packaging cost projection based on such plant size of \$50.00/T
- 10 Chemical catalyst cost projection (if necessary) \$30,000 based on existing plant costs
- 11 Filter & Seal replacement cost projection of \$48,400 based on Vegreville plant in Alberta, Canada.
- 12 Plant rental for 30,000 sq ft @ \$6.00/sq ft
- 13 Triple net costs (estimated \$4.00 per sq ft)
- 14 Projected electricity for office, lab and office equipment to be \$36,000
- 15 Projected waste discharge fee of \$7,000 based on research data.
- 16 Projected cleaning of plant, office, lab and staff room \$14,400
- 17 Projected office water, coffee and incidental office supplies 6,000
- 18 Employers portion of payroll taxes (estimated @10%)
- 19 Employer's portion of medical plan 10%
- 20 Employer's portion of Pension Plan 5%
- 21 **Liability Projected Insurance costs based on US quotation**
- 22 Property Insurance based on insurance quotation for US
- 23 Auto Insurance based on insurance quotation for US
- 23 Umbrella insurance based on insurance quotation for US
- 23 Workmen's compensation - based on US median of 3%
- 24 Office and Lab supplies based on research data for such plant size.
- 25 Yard Maintenance (\$24,000) estimated
- 26 Postage and courier (estimated \$16,000)
- 27 Marketing and Advertising (1.5%)- based on industry standards
- 28 Testing of Products (estimated)
- 29 Sales commission payable (5%) - industry standards

**Other Assumptions:**

- a To make PET and PVC saleable these products need to be washed, shredded and baled for delivery  
1USD =7.07936 CNY
- b A building has to be provided to house all the equipment.
- c Other ancillary equipment need to be provided to supplement the ATS system.
- d The MSW before being processed are pre-dried, pre-sorted and pre-cut, before entering the ATS2000 system.
- e No carbon credits are factored into the revenue stream.
- f The proforma can be used for any location in the world, except that the tipping fees, and certain cost items have to be revised.
- g The ProForma Financial statement was prepared by Magnum's manufacturing partner, MGI Thermolysis Systems Inc, with input from Emergent Waster Solutions Inc., a Licensee of Magnum. The composition of feedstock varies from location to location, resulting in different by-products being produced.