

**Canada - Wood Waste to Activated Carbon**  
**ProForma Financial Statements - ATS2000 system (processing rate of 3,750 kgs/hr - or 90 Tonnes/day)**  
**to process Wood Waste to produce Activated Carbon in Canada.**

REVENUE	Assumptions	Sale Price per Tonne	% of Prod.	Total Tonnes Production	Revenue	1st year	2nd year	3rd year	4th year	5th Year
Bio Oil	1	300	30%	8,910	2,673,000	2,673,000	2,753,190	2,835,786	2,920,859	3,008,485
Activated Carbon	1	2,000	25%	7,425	14,850,000	14,850,000	15,295,500	15,754,365	16,226,996	16,713,806
<b>Total Revenue</b>					<b>17,523,000</b>	<b>17,523,000</b>	<b>18,048,690</b>	<b>18,590,151</b>	<b>19,147,855</b>	<b>19,722,291</b>
<b>Operational Expense</b>										
Electricity Equipment	2				190,000	190,000	193,800	197,676	201,630	205,662
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				60,000	60,000	61,200	62,424	63,672	64,946
Water Treatment	6				2,000	2,000	2,040	2,081	2,122	2,165
AC Packaging	7				464,100	464,100	473,382	482,850	492,507	502,357
Chemical Catalyst	8				30,000	30,000	30,600	31,212	31,836	32,473
Filter Replacement	9				33,000	33,000	33,660	34,333	35,020	35,720
Plant Rental	10				36,000	36,000	36,720	37,454	38,203	38,968
Property Taxes	11				7,500	7,500	7,650	7,803	7,959	8,118
Electricity Plant Office	12				18,000	18,000	18,360	18,727	19,102	19,484
Cleaning	13				2,400	2,400	2,448	2,497	2,547	2,598
<b>Total</b>					<b>898,310</b>	<b>898,310</b>	<b>916,276</b>	<b>934,602</b>	<b>953,294</b>	<b>972,360</b>
<b>Employee Expense</b>			<b>No.</b>	<b>Salary</b>						
Plant Manager			1	66,000	66,000	66,000	67,980	71,379	71,379	71,379
Marketing and Product Manager			1	54,000	54,000	54,000	55,620	58,401	58,401	58,401
Asst Plant Manager			1	48,000	48,000	48,000	49,440	51,912	51,912	51,912
Foreman			3	42,000	126,000	126,000	129,780	136,269	136,269	136,269
Equipment Operators			12	36,000	432,000	432,000	444,960	467,208	467,208	467,208
Engineers			2	60,000	120,000	120,000	123,600	129,780	129,780	129,780
Chemist			1	60,000	60,000	60,000	61,800	64,890	64,890	64,890
Administrative Assistants			2	24,000	48,000	48,000	49,440	51,912	51,912	51,912
Marketing & Sales Staff			1	48,000	48,000	48,000	49,440	51,912	51,912	51,912
Accounting Dept			1	48,000	48,000	48,000	49,440	51,912	51,912	51,912
<b>Total</b>					<b>1,050,000</b>	<b>1,050,000</b>	<b>1,081,500</b>	<b>1,135,575</b>	<b>1,135,575</b>	<b>1,135,575</b>
<b>Liability and Insurance</b>										
Liability	14				30,000	30,000	30,000	30,000	30,000	30,000
Worker's Comp			0.97%		10,185	10,185	10,491	11,015	11,015	11,015
<b>Total</b>					<b>40,185</b>	<b>40,185</b>	<b>40,491</b>	<b>41,015</b>	<b>41,015</b>	<b>41,015</b>
<b>Office &amp; Yard Expense</b>										
Office & Lab supplies	15				24,000	24,000	24,480	24,970	25,469	25,978
Yard Maintenance	16				2,400	2,400	2,448	2,497	2,547	2,598
Postage & Courier					12,000	12,000	12,240	12,485	12,734	12,989
Cell Phones			9		9,000	9,000	9,180	9,364	9,551	9,742
Office phone & fax					1,500	1,500	1,530	1,561	1,592	1,624
Security system					3,600	3,600	3,672	3,745	3,820	3,897
<b>Total</b>					<b>52,500</b>	<b>52,500</b>	<b>53,550</b>	<b>54,621</b>	<b>55,713</b>	<b>56,828</b>
<b>Administrative Expenses</b>										
Marketing/Advertising	17		1.5%		262,845	262,845	268,102	273,464	278,933	284,512
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					60,000	60,000	61,200	62,424	63,672	64,946
Fees & Licenses					12,000	12,000	12,240	12,485	12,734	12,989
Commission	18		3%		525,690	525,690	536,204	546,928	557,866	569,024
<b>Total</b>					<b>932,535</b>	<b>932,535</b>	<b>951,186</b>	<b>970,209</b>	<b>989,614</b>	<b>1,009,406</b>
<b>Total Operating Expenses</b>					<b>2,973,530</b>	<b>2,973,530</b>	<b>3,043,002</b>	<b>3,136,022</b>	<b>3,175,211</b>	<b>3,215,183</b>
Amortization @5% -12M	19		5%		60,000	60,000	-	(3,000)	(2,850)	(2,708)
Royalty % of gross revenue	20		5%		876,150	876,150	902,435	929,508	957,393	986,115
<b>Net Profit Before Tax (USD)</b>					<b>13,673,320</b>	<b>13,673,320</b>	<b>14,103,253</b>	<b>14,524,621</b>	<b>15,015,252</b>	<b>15,520,993</b>

**Assumptions****Projected costs are in US Dollars for operations**

Updated February 2024.

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 \$2,000 per ton for 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 Bio Oil (RFO- Renewable Fuel Oil) and Activated Carbon prices are to increase @ 3% per year and expenses are to increase 2% per year
- 2 Electricity -projected 2,000,000 kwh@\$09.5/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 @ readily available at site
- 5 Maintenance of equipment \$60,000
- 6 Water treatment \$2,000
- 7 AC Packaging cost projection based on plant size -cost \$50.00/tonne of activated carbon
- 8 Chemical catalysts \$60,000
- 9 Filter & Seal replacement - cost projection \$33,000
- 10 Plant rental for 10,000 sq ft @\$3.00 per sq ft to be negotiated with Landlord
- 11 Property Taxes - - to be negotiated with Landlord of Plant - est \$7,500
- 12 Projected electricity plant office and lab equipment and staff room \$18,000
- 13 Projected cleaning of office, lab and staff facilities \$2,400
- 14 Projected Liability, equipment & auto insurance \$30,000 - Workmens compensation 0.97% - based on WCB designations
- 15 Projected Office and Lab supplies \$2,000/month
- 16 Projected Yard Maintenance \$2,400, Postage & courier\$12,000, Cell phones \$9,000, office tel & fax \$5,500, security \$3,600
- 17 Marketing & advertising 1.5% of sales
- 18 Projected Admin Expenses - Legal \$12,000 -Public relations \$36,000- Testing \$36,000 - license fees \$24,000 Sales comm. 5%
- 19 Amortization based on 20 year amortization rate -5%
- 20 Gross Royalty as per MGI Licensing agreement - 5%

**Other assumptions**

- (a) Revenue projections to increase 3% per year , operational and admin expenses to increase 2% per year
- (b) wages to increase @3% per year for year 2 and 3
- (c ) Wood waste is assumed to bone dry and particle size is to be less than 1/2 inch
- (d) Activated carbon particle size is to be less than 200 mesh or 75 microns