OBS CHINA BUSINESS PLAN:

A NEW BIOTECH PROCESS FOR POLLUTION REMEDIATION & HUGE CROP YIELDS

March, 2013

Prepared By ORGANIC BIO SOLUTIONS, Inc.

Business Plan Detail Outline

SECTION I, GENERAL INTRODUCTION – WHAT WE HAVE IS UNIQUE

What we have is revolutionary new biotech that will transform pollution remediation and agricultural yields unlike anything before.

Our proprietary and extraordinarily profitable biotech **allows us to do two things remarkably well: 1) fully remediate even heavily polluted wastes, soils and water** and 2) **convert animal and polluted wastes, sewage sludge, and green wastes into a new and biologically changed fertilizer that more than doubles crop yields - sustainably**, which makes ours a unique product. Our 'superbugs' are very different in that they are not classifiable and so large, aggressive and prolific that they have been called "monsters" by one government lab! However, they are completely safe and effective, as verified by Scripps, E. S. Babcock, Twining, Teledyne, and the EPA (US projects lab results); Geomet, BCO, BKH Adviesburea, Daniel Griffith B.V. and the VAM (government) from Holland projects lab results; Simmonds and Bristow Pty Ltd. (Australian project lab results); Corporacion Cafetalera La Meseta S. A. (Costa Rica project lab results); Laboratorio Essel S. A. (Chile project lab results); the Food and Agriculture Organization of the UN (results of our Philippines project) and more. Also, we have results from field tests all over the world.

We will lead the world to *a new age in pollution remediation and high yield sustainable crops*.

Our technology is homogeneous; it consistently provides the same benefits and results regardless of where used or what waste materials are present. The **key to the success of our business model is our innovative technology offers huge profit advantages to both the technology operator** (our China Company) **and to our customers that cannot be duplicated**.

We are offering a rare opportunity to partner in an ***extremely advanced bio-technology*** that is beyond promising theory or merely in the development stage. Over eight years and millions of dollars (US) have been spent to bring our technology to this point. Also, it has been thoroughly evaluated and tested by third party and government agency labs worldwide.

Specifically, we are offering an opportunity to invest in establishing a China Company to exploit this exceptionally profitable advanced technology, and its' products and services in China.

SECTION I, A. THE PREMISE FOR PROJECT DEVELOPMENT

To really excel, a business must meet specific demands in a very efficient way. We do:

In pollution remediation:

The central government is long past ignoring pollution and has begun a serious crack down on polluters, downsizing or closing tens of thousands of businesses. China has the most pollution, the political will to act, and money for what is a $multi-trillion USD market.

Businesses have a choice to 1) comply with strict pollution limits, 2) reduce operations or 3) close. **No competing biotech exists that can fully remediate all the pollutants that are contaminating the soil and water. We are unique for 2 very important, *and sustainable,* reasons;**

1) We have the only technology that will completely remediate organic pollutants and

2) Ours is the only process that will do it on-site and in-place.

Industry and farms are being forced to remediate their pollution problems to avoid being downsized or closed by the government. Pollutants we remediate include nitrates (poisons water), phosphorus (a poison that accelerates algae growth), urea (a poison and the #1 farm pollutant), ammonia (another poison that creates oxygen poor dead zones even in large bodies of water), CO2 (the #1 global warming gas; 1 MT of animal manure creates over 3 MT of CO2 as it dries out), pesticide residues, cresol (used to dissolve other chemicals or for insecticides), methyl bromide (fumigants), strychnine (strong poisons) , tryquat (herbicides), various pathogens and bacteria (including deadly E.coli.) and a host of others. We can provide a monthly service that would be a large continuous business that will completely eliminate all these contaminates at the source for industry and farms. As we will be the only tech that can perform most of this remediation, it means operators will have an option to use our service to keep or increase their business. Also, as the governing authorities become aware of this remediation possibility, it may be required at some future date. **The monthly service fees are very profitable, but we also have an extremely profitable use for the treated wastes as fertilizer.**

For agriculture:

If growers can stop wasting money on unusable nutrients they buy in other fertilizers, more than double their crop yields, produce healthier, higher quality crops (saving money on pest control and crop losses) and use less water by buying our competitively priced fertilizer, they will greatly

increase their profits. Also, because our fertilizer can be certified 100% organic, growers will be able to sell their crops at a 30-40% premium, again making more money. If given such a choice, it is not difficult to imagine what most growers would choose to buy! **Significantly more money for our customers translates into the strongest possible incentive for customers to continue buying our products**. As for our long term business outlook, other companies cannot even begin to promise the results that we actually deliver. And, because **our technology is extremely efficient, we can also produce extraordinarily high operating profits and return on investment (ROI)**.

However, ***to be highly profitable***, our fertilizer ***must have highly marketable benefits.*** The unique benefits of our premium end product (branded Nu-Soil Organic Fertilizer) are:

- ✓ **We increase crop yields at least 100%; the best petrochemicals can offer is up to 20%. We offer at least 500% greater benefits than our closest competitors!**
- ✓ **With an average over 100% yield increase, growers can easily double their incomes.**
- ✓ **Nu-Soil Organic fertilizer will never "burn" a crop; no risks to the grower.**
- ✓ **Our high yield increases are sustainable, something no other fertilizers can offer.**
- ✓ **Crop quality is greatly increased, allowing growers to sell their crops for premiums.**
- ✓ **Longer term crops (avocados, coffee, etc.) can be harvested in ½ the time (2 vs. 4 yrs.).**
- ✓ **Nu-Soil requires significantly less water & time to grow any crop - a real cost savings.**
- ✓ **Our process technology eliminates all farm pollution - a huge benefit!**
- ✓ **With low production costs and these kinds of results, we can sell our fertilizer for a premium price, and make an extraordinarily high profit and Return On Investment (ROI)** – while building customer loyalty rarely seen by any business!

SECTION I, B. THE SIGNIFICANCE OF OUR PROJECT - WHAT WE CAN OFFER CHINA

First let us ***focus on the 'big picture' we see for all related applications on the agriculture and pollution remediation markets open to us in China***. ***We want to present a context framed by the significance our new China Company can have in a short time, as we will be dealing with some very large numbers.*** We have researched the Chong Qing area most extensively, but our findings, data and analysis apply to all China. The major national impacts of our technology will perfectly fit into government policies, as well as the market. These considerations are most critical in China.

C. CHINA'S BIGGEST PROBLEMS AND POLICIES RELEVANT TO OUR PROJECT

a. FOOD IS #1

Official data place the number of Chinese Acres (CA) under cultivation at just under 2,000,000,000. O***nly 30% of this total is rated as good to excellent*** in productivity. The remaining **70%** (1,400,000,000+ CA) **is rated as fair to poor *and in decline***. Due to soil depletion and compaction, an estimated 6,500,000 CA (0.3%) are being lost each year. We feel this official loss estimate is far too low based upon other available data, and reliable data from other countries.

As The Guardian[1] (UK) reported in May 2009, the pressure to industrialize the far western province of Xinjiang is likely to further erode food output, reducing the government's options. With industrialization set to continue for decades, the shrinkage of land is likely to increase the pressure to use more fertilizer to maintain yields, which certainly has been the case. Between 2006~2010, **the Central Government had spent 3,000,000,000,000 Renminbi (RMB) (or 500,000,000,000 US Dollars) with an increase of 23.5% (705,000,000,000 RMB or 117,500,000,000 USD) per year** to expand the subsidy on farming and agriculture for direct crop purchases from farmers, ***and for more fertilizers***. As we stated, we will be dealing with big numbers!

For the foreseeable future, **food production is near the top of the priorities of the Central Government as China struggles to stay above their 'red line'**. The Guardian quotes Lu Xinshe, deputy head of the Ministry of Land and Resources, as stating, "The country was struggling to hold the 120,000,000 hectare 'red line' considered the minimum land needed for food self-sufficiency. By the end of 2008, the amount of arable land in China had decreased to within 1% of the 'red line'". Since that time, the situation has only gotten more critical, in spite of the government's best efforts to increase yields. The Guardian adds that against the backdrop of rising global food prices, Chinese companies have bought the rights to farm large areas of land in the Philippines, Laos, Russia, and Kazakhstan. They have invested in biofuel crops in Zambia and the Congo. By one estimate, 1,000,000 Chinese farmers are in Africa alone. Food shortages are not just for China, as world famine is becoming a reality, reported well by National Geographic (Sept. 2008, June 2009).

Self-sufficiency requires a minimum production of 500,000,000 metric tons of grain a year. To maintain this level, prime minister Wen Jiabao stated the **state would increase spending on agricultural production by over 700,000,000,000 RMB *above inflation* per year**. He has also

asked advisers to recommend new areas for cultivation. Among them is the Sanjiang region in Heilongjiang, a protected wetland. The Government is very concerned about the serious problem of declining food production. **Most importantly, the Central Government has the political will and money to implement the solutions**. [1]Jonathan Watts, The Guardian Newspaper (UK), Beijing, 23 June, 2009

The priority the Central Government is giving food production is now obvious. After four years, in spite of all the efforts and RMB spent, the result is that China is still within 1% of 'red line'. But, without all these efforts, how far below 'red line' would China be? With continuing increases in population and demand for food, and the loss of more farm land each year, the big questions for the immediate future are, "how can China to stay above the 'red line'?" and, "how can China become food self-sufficient?"

China's huge problem of food production and declining farm lands are areas where our unique technology can help greatly. Nu-Soil provides **substantial and sustainable crop yield increases averaging 100% in only 1 to 4 crop cycles**. In poor or lost lands, **traditional soil reclamation projects take many years** to accomplish and the end results are soils that can sustain only limited, basic farming, and only with increased use of expensive fertilizers. By applying larger initial amounts of a fortified Nu-Soil Fertilizer to such lands, **we can completely rebuild the soil** to a state better than it ever was, to an excellent productive condition, **in only 9-12 months** and ***maintain that improved state indefinitely*****. The point here is that we can reclaim the 1,400,000,000 CA (70%) of China's farm land in decline, as well as all the millions of acres lost in previous years**. This 'lost' land would add extensively to food production. ***This land's value would also be greatly increased***. *So, our company has* ***two opportunities in reclaiming land*****, 1) we can charge by the parcel to do it, or 2) we can obtain the fairly worthless land ourselves, recondition it, and sell or lease it to growers.** This second option would be far more profitable. **We have the best and possibly the only real answer for China's decreasing food production and lost farm lands.**

b. SOIL, WATER and AIR **POLLUTION REMEDIATION** IS #2

There are now another serious set of problems being addressed by the Central Government as well. ***Pollution and contaminates are no longer being ignored*****.** ***Many businesses that could not remediate their pollution problems have been shut down and others reduced in size***. **A great deal**

of China's pollution and contaminate problems are farm and agriculture created, and that presents our new China Company with several huge opportunities.

All the Central Governments' priorities are eventually communicated downward to the provincial and local levels. We have seen significant evidence of this downward pressure in several areas covering multiple problems. Lake Tai is only one example where the provincial governors involved have been strongly warned they have a certain timeframe to clean up all the industrial pollution in the lake. Factories that cannot curtail contaminates are being closed all over China; 30,000 around Lake Tai alone. Farming areas, especially where animals are in higher concentrations, are now being required to address their pollution problems or see their operations moved and/or reduced. We have personally seen these policies as applied to animal farms in the Chong Qing region, and we have prepared an actual case study detailing this problem, as well as our fertilizer production, including using our technology, market and competitive conditions, sales and pricing, and production costs as part of our background research. That case study is included with this Business Plan as an Addendum.

Industry and farm pollution problems in China are no different than the rest of the world, nor any less serious. The current state of technology available to remediate these problems is often non-existent, prohibitively expensive, or only partially effective. What methods do exist usually require the polluted soil or water to be removed in order to be processed in some way. **Our technology is the only method that can completely remediate pollutants on-site and in-place**, not requiring the extracting of any soil or water. Contaminates may be on the ground, in the ground, in surface waters (flowing or not), in ground waters or even in the air. Obviously, our methodology is far more efficient, more effective and complete. **Our process can be offered at much lower cost than any competing process, if one exists**. Better still, our China Company ***can perform this operation at low cost, meaning very profitably***.

In **our pollution remediation business model, we enjoy tremendous advantages**. We can evaluate a remediation problem simply by analyzing the concentrations of contaminates, their locations on the site, the size of the clean-up site and the methodology we will use while still in our office. Any hardware or supplies needed by our personnel can be obtained locally and our technology's inoculum (what we do the work with) can be easily carried or shipped in a small package to the site. We treat

soil contaminates on the surface with a spray, and in the ground by using simple tools to drill holes about 1M (1yd.) apart and flooding with our liquid inoculum. Our microbes will travel deep into the ground, following the contamination and eliminating it. This is also the method used for treating contaminated ground waters. We treat other waste waters by using a surface spray, and highly concentrated waters, as found in processing lagoons, with the addition of aerators. We treat air borne contaminates with a fine mist spray that traps and neutralizes them. ***Note our technology is not a mask, but a true odor and pollution <u>eliminator</u>***, changing the actual chemical structure of contaminates at the molecular level into harmless by-products (small amounts of CO2 and water).

Compare our approach to the usual industry standard of bringing in heavy equipment to trap, load and remove contaminates, usually to a remote location, for extensive processing. Such processing is often done in expensive containers (sometimes 'closed vessel' that even will trap fumes and gases) with a mixture of expensive bacteria, enzymes and chemicals. All this is done just to remove the contaminates from the soil, air or water. However, ***these contaminates most often still exist*** - only now in concentrated form that must still be disposed of by approved and usually expensive methods. Our technology's cost advantages should now be obvious.

c. WATER IS #3

As everyone knows, **rice is China's biggest crop. But few people realize that it currently requires 65% of all the fresh water in China to grow** it (per official figures). This is a huge cost, both in poor allocation of resources and financially. Water availability and cost have become major issues in recent years all over the world. In the October 2011 issue of Fortune Magazine, the issues about water are well put forward in their article "Beating the Coming Water Shortage" (pg. 21). As Fortune points out, fresh **water supplies are very limited and real shortages are beginning worldwide**. Some large corporations are literally buying up some of the world's biggest fresh water sources in an effort to profit from the inevitable, increasingly severe shortages. Of interest to us is the fact that **71% of the world's fresh water is used for agriculture. China's use is even higher due to** the disproportionate amount used to grow only **the rice crop**. ***One Kg of rice (2.2 lbs.) requires a huge 3,390 liters (895 US gallons)!*** As bad as that is, consider what is needed to produce beef. Remember cattle eat grain, and a lot of it. To grow all that grain and water for the cow, it takes 15,466 liters (4,085 USG) to produce 1 Kg (2.2 lbs.) of meat! Producing the wheat (China's second

largest crop) in 1 Kg (2.2 lbs.) of bread uses 1,333 liters (352 USG) of water.

As staggering as the amounts of water needed for agriculture are, **the water problem must be viewed from the situation of the near future**. **World demand for fresh water is on target to double by 2030**, with China's need expected to rise by 47%. Now, the problem becomes clear. Water cannot be manufactured, and there are no new sources. The **amount of fresh water the world has available right now is *more* than the world will have available in 2030** due to losses from sources that become polluted or used up.

The impact of our technology on fresh water supplies cannot be overvalued. One of the 'side' benefits of using Nu-Soil Organic Fertilizer is less water to grow crops due to our microbial activity in the soil ***causes increased water retention and active water supply to the root ball***. We estimate that by changing the growing method to our technology, **we can provide the means of both increasing the rice yield, with better quality rice, while requiring 80% less water**.

The **potential water savings to China will be enormous** because of the huge demand for water required by the rice crop alone. **Since 2000, the depletion of China's main aquifers has led to an overall decrease in grain (includes rice) production, turning China into a net importer**. The trend of ***Chinese dependence on imported food is expected to accelerate as the water shortage worsens*** (Aquifer depletion. Eoearth.org. Retrieved on 2012-02-14). As water costs will soon start increasing very quickly, the combination of potential increases in rice yields and water savings will be worth more money that can be easily comprehended. China produces about 200,000,000 MT of rice per year, currently wholesaling for 2,000 RMB (334 USD) per ton. That means the total wholesale value of China's rice crop alone is over 400,000,000,000 RMB (66,666,666,666 USD). If we double that, it could be 800,000,000,000 RMB, plus the savings of Billions of RMB in water.

China, for the first time, has a middle class that continues to quickly grow in size. This emerging class has expectations that continue to grow as well. Only those over about 60 years old can recall anything about food shortages in the past. If food shortages (and the resultant inflated food prices) were to ever reappear in earnest, the threat of social and political unrest would become very real (as it has this past year in the Middle East, for example). It seems to us that the government's very serious policies and spending in regard to supporting the 'red line' would support our analysis.

When our leading-edge technology is considered in light of China's 3 biggest problems, the help we can provide is enormous and unprecedented. In short time, we can provide a complete, cost effective pollution remediation, double crop yields with a higher quality, save water, increase the excellent acreage that can be farmed, and create a substantial food surplus for worldwide export. ***These impacts could easily affect the world's food supply and pricing, with China in position of control. Once demonstrated to the Government, these impacts will not be missed by them.***

We believe our business plan is **uniquely matched** with the Central Government's priorities, critical for truly big success in China.

d. QUALITY OF LIFE

Our point here about the quality of life. Farmers, as a class, would likely become a much more prosperous group and the entire population would enjoy better quality foods, more choices and ample supply at lower prices. Pollution, from all sources, will also be addressed with the possibility of complete remediation in almost all cases, for the first time.

Our new China Company will have a rare opportunity to accomplish an enormous number of very positive results, build an outstanding reputation, and provide a better way of life for everyone in China, while being exceedingly profitable for the shareholders. To us, these beneficial outcomes from our proposed China Company form an excellent definition of 'significant impacts'.

SECTION II, FINANCIAL ANALYSIS FOR FERTILIZER SALES

A. Forecast

Chinese farmers cultivate 1.2 billion US acres and require 7 billion MT of fertilizer per year, the most worldwide, a potential $21 trillion USD market. Capturing only 1% of the premium fertilizer market (top 30%), we will need to produce at least 21,000,000 MT/year. A large plant can make 0.18% of that; 12,000 MT/day, 330 days/year in daylight hours. Plants would only be located where there is both concentrated farming and abundant waste materials. This is not a difficult combination to find as farming areas support animal farms and produce green waste, the main raw materials needed by our production plants. **Pollutants are always treated on-site, as existing.**

To reach our initial goal of 1% of just the premium market, we need to operate 6 large scale plants, or 12 smaller plants, or a combination of both, to achieve 72,000 MT/day production. **If we set a goal of going public in two years' time, our company should strive to be at least 5 times this size**, or operating 30 large scale plants. That will require opening at least 1.25 large, or 2.5 small plants, per month. **With such a huge growth curve, our China Company would be viewed as an extremely valuable IPO, with only 5% of just the premium fertilizer market (or just 1.5% of the total market). None of the pollution remediation market or land reclamation is factored into this forecast. Those markets are also very large and exceptionally profitable.**

B. Estimation of Sales Revenue

Sales revenue will be on a progressively increasing scale, beginning with the 'special introductory (trial) discount pricing' offer to growers to help insure trials of our fertilizer for each plant we open. The 'special trail pricing' discounts, while large, will not erase our profitability. We plan to sell at a price point just above the cheapest dried manures to be attractive as possible, to as many growers as possible, in our innovation sales period, at plant startup. While far from optimum for our eventual high profitability targets, we expect to still do well with a 66% operating profit margin. The initial farm orders will almost always be for a small trial amount. Growers will generally not be convinced enough to use Nu-Soil on their entire farm even after the first small trial order. The second order is usually for a larger trial crop, rarely for the whole farm. By the third crop, they go 'all in', feeling totally secure in the results and understanding for themselves that there is no risk to their crops.

This 'slow' response from farmers is a good thing for our China Company, as it will not be necessary to be operating at full capacity in order to begin operations at each new plant. We will have the luxury of being able to open a new plant on a reduced schedule, while we train personnel, make sales contacts, and go through the local 'learning curve'. This will minimize the inevitable mistakes that can be made early in a startup. Within a few months, new plants will be at full production under the care of fully trained personnel and better able to meet the increasing demand from farmers enjoying Nu-Soils' results and greatly increasing their orders. At this point, it has been our experience that farmer's good word-of-mouth 'advertising' also contributes to rapid sales volume increases.

Generally, the time frame for this to happen is about 4-10 months. The determining factors are the climate, weather patterns, and how many crops growers normally can plant in a season. The average is two crop cycles, and the upper limit is four. However, the results Nu-Soil produces are cumulative, meaning the farmers will see increasing yields and quality with each successive harvest, averaging about 100% and as much as a 250% increase after 2-4 crop cycles. With each cycle, we plan to offer less discounting as we reach the point of selling out production. We eliminate the discounts as we continue to sell out production on a reservation basis, which strongly encourages growers to order well in advance to insure supply, or risk not being able to buy any Nu-Soil at all.

Our revenue curve starts out on the lowest end, grows moderately, then more aggressively. The company's profits from each plant that opens will follow this same pattern, unless the plants are located in the same area or region. That exception is very important to us because farmers are good communicators with each other, and curious about what the others are doing, especially when they can see significant differences in their friend's or neighbor's crops. Word of mouth travels quickly when something good hits a market. Our ramp-up revenue curve will most probably be shortened on succeeding production plants by more than 50%; we reach high profitability much quicker.

C. Profit and Loss Analysis

From our on-site research studies, we have an excellent understanding of the market and pricing currently in the Chong Qing area, where we want to target our initial startup plants because of the areas' high concentration of higher value crops. One large windrow fertilizer plant can produce 10-12,000 MT/day. From our actual production costs from three different sites in Chong Qing, we have used our highest experienced production costs as follows:

MATERIALS COST/MT OF FINISHED NU-SOIL ORGANIC FERTILIZER (**RMB**)

Raw Material	**Cost/MT**	**Amount Used/MT Nu-Soil**	**Cost/MT of Nu-Soil**
Dairy Manure	**100**[1]	70%	70.00
Dried Chicken/Hulls	160	10%	16.00
Green Waste	80	15%	12.00
Rice Hulls	400	5%	20.00
Inoculum	6,600,000	0.0000057%	40.00
Labor & Overhead	150	150	150.00
TOTAL COST/MT			**300.00**
[1]Assumes cost but was	offered free	and even 100 RMB for us to	take it.

Our actual ***cost per metric ton of Nu-Soil Organic Fertilizer will be 300 RMB (50 USD). This is 10% less than the current production costs of the lowest cost manure composter*** we could find in the area (330 RMB/MT or 55 USD). The reason we can produce our high-tech, premium fertilizer for less than the cheapest dried manure available is because our technology allows us to use slightly lower concentrations of the higher cost materials that must be used by the dried manure producers. For complete information on our on-site trial production, current farm fertilizer methods, competing fertilizer production, costs, sales, selling prices, etc., please read our case study report in the attached Addendum. It will show in detail how we obtained our data and serve to authenticate its' accuracy.

However, we are **fairly confident our actual production costs**, per metric ton of Nu-Soil, **will be lower** because we have been offered farm waste manure for free and even offered 100 RMB (16 USD) to take it, if we would agree to take over the animal farm composting operation! This would be very easy and very advantageous for our company to do, of course. We firmly believe that we can do better in negotiating such an agreement for several reasons. Most important among those is that we can solve the animal farm's pollution problems which would allow them to have more animals, produce more profits, and justify paying our company a service fee every month for our pollution remediation services. This alone would amount to far more than 100 RMB/MT credit to us.

The **point we want to make here is that we have used the most reasonable and conservative figures in all our analysis and computations**. We will further explain this as we review the data.

The following spreadsheet shows what we are actually expecting for our performance over the China Company's first 24 month period, on a company wide basis, for all the planned 30 large scale plants (or the equivalent production from a combination of large and small scale plants). It presents a clear, yet conservative, demonstration of what we expect in opening these plants in sequence over a 24 month period in terms of our ability to produce product, the rate of farmers' trials and acceptance, capital investment amounts and schedule, most likely revenue and profit growth, and key measurements of profit potential and Return On Investment. This should be considered a minimum goal before exploring an IPO. This scheduled performance could be substantially improved with either opening more plants and/or the purchase of existing fertilizer plants or companies, which would boost our growth considerably.

TOTAL CASH FLOW AND PROFIT/LOSS ANALYSIS									
FOR THE 24 MONTH PRODUCTION RAMP UP OF 30 PLANTS									
Note: Assumes Good Case Startup Analysis							10,000,000	invested	per plant.
Month Up	Plants Up	MT/Day Produced	Ave.Price per MT	Sales Revenue	Cost per MT	Total Cost of Sales	Total Profit (Loss)	Total Profit %	Annualized ROI %
1	1	500	500	250,000	300	150,000	100,000	66.7	1.0
2	2	1,500	500	750,000	300	450,000	300,000	66.7	3.0
3	3	3,000	520	1,560,000	300	900,000	660,000	73.3	6.6
4	5	5,500	600	3,300,000	300	1,650,000	1,650,000	100.0	16.5
5	7	8,000	650	5,200,000	300	2,400,000	2,800,000	116.7	28.0
6	9	19,000	750	14,250,000	300	5,700,000	8,550,000	150.0	85.5
7	10	20,500	800	16,400,000	300	6,150,000	10,250,000	166.7	102.5
8	12	28,500	850	24,225,000	300	8,550,000	15,675,000	183.3	156.8
9	13	38,000	950	36,100,000	300	11,400,000	24,700,000	216.7	247.0
10	15	46,500	1,100	51,150,000	300	13,950,000	37,200,000	266.7	372.0
11	17	66,000	1,250	82,500,000	300	19,800,000	62,700,000	316.7	627.0
12	18	74,500	1,400	104,300,000	300	22,350,000	81,950,000	366.7	819.5
13	19	90,000	1,550	139,500,000	300	27,000,000	112,500,000	416.7	1,125.0
14	20	94,500	1,700	160,650,000	300	28,350,000	132,300,000	466.7	1,323.0
15	21	119,500	1,850	221,075,000	300	35,850,000	185,225,000	516.7	1,852.3
16	22	139,000	1,950	271,050,000	300	41,700,000	229,350,000	550.0	2,293.5
17	23	149,500	2,050	306,475,000	300	44,850,000	261,625,000	583.3	2,616.3
18	24	165,500	2,100	347,550,000	300	49,650,000	297,900,000	600.0	2,979.0
19	25	181,000	2,300	416,300,000	300	54,300,000	362,000,000	666.7	3,620.0
20	26	205,000	2,500	512,500,000	300	61,500,000	451,000,000	733.3	4,510.0
21	27	220,000	2,700	594,000,000	300	66,000,000	528,000,000	800.0	5,280.0
22	28	237,000	2,950	699,150,000	300	71,100,000	628,050,000	883.3	6,280.5
23	29	252,000	3,200	806,400,000	300	75,600,000	730,800,000	966.7	7,308.0
24	30	278,000	3,400	945,200,000	300	83,400,000	861,800,000	1,033.3	8,618.0
25	30	375,000	3,500	1,312,500,000	300	112,500,000	1,209,000,000	1,074.6	12,090.0

We are dealing with some big numbers ***per day***. When examined in the context of the sheer size of the current fertilizer market in China, the fact that we have already done pre-production samples and testing in China to confirm our costs, the market, prices, and our results, these numbers are realistic. We will even state that they are probably conservative because we have used a slow ramping-up period for ALL the plants as they come up to speed. This assumption is conservative as farmers will tell everyone of their sudden new success, building demand faster than shown in months 12-25.

Note also that our company could become self-funding in as little as 6 months, depending upon how far in advance of planting seasons we actually begin. **The spreadsheet reflects the current, actual costs, and selling prices of producing and marketing Nu-Soil Organic Fertilizer in our prime**

target area. There are several reasons that we feel we can present these analysis with such confidence. **First**, we have spent considerable time researching and obtaining very reliable information about the Chinese markets for fertilizer and farming. **Secondly**, we have actually produced sample Nu-Soil product on site to obtain and verify actual raw materials availability and costs. **Thirdly**, our analysis has been done on a conservative basis; that is, rather than overstate, we have sought to understate expectations. For example, our selling price upon startup is assumed to be about the same as the lowest priced dried out manure. Even as growers obtain their results, we choose to continue our conservative, low price model into a third planting season. **Fourthly**, we have completed field tests in Chong Xing and outside of Shanghai to document crop results in Chinese soil. All our data, case study, and the people we have worked with, including farmers, will be made available for interviews and due diligence with interested parties.

There is only ONE REAL REASON for extremely high profits in this project – our technology!

Look at the numbers in this chart again, focusing on month ***line 25***. This business will be very profitable with pre-tax profit margins over 1,000% and ROI of 8,600% and over 1,100,000,000 RMB ***monthly*** (30 times the daily number shown) or $183M US pre-tax profits within 24 months from only one of our target markets. With such profits and fast growth, it would not be difficult to imagine **what the valuation of an IPO would be**. Note that ***these figures represent a market penetration of only 1.5% of just the total fertilizer market***, and nothing for pollution remediation, land reclamation, etc.

What we will show is a profit growth rate averaging over 1,000% for the 2 years we have been operating, an annualized gross profit over 14.5 Billion RMB ($2.5B US), while capturing only 1.5% of the 126 Trillion RMB ($21T US) fertilizer market. Our company will also have an incredible future, extremely important for IPO's. Appling a 12 times P/E ratio to our IPO, we would likely have a company priced at well over 175 Billion RMB (29 Billion USD). The payday from our IPO would produce the really big numbers that matter most to our investors!

SECTION II PROJECT OVERVIEW, A. PRODUCT SPECIFICS

The success of this entire project is primarily based upon the major competitive advantages of

our technology. These advantages are exclusive, cannot be reverse engineered and cannot be approached by any possible competitor. Our process is unique in being able to remove all odors, toxins, pathogens (including E.coli), pollutants, pesticides, long chain compounds, ring compounds and more, something no other single or combined technologies can do. We treat and transform all organic wastes into a C/N balanced, 100% organic fertilizer. With these unique benefits and competitive advantages, it should be clear to see how this will be an extremely profitable venture.

It is very important to understand the details of what all this technology can do because it is the basis of everything in this proposal. Without these benefits, our China Company would simply be another 'me too' name in a crowded market place. Let us now focus on **how our technology works**:

- ✓ **Our microbes are biologically very active**. This is the key factor in what makes our process unlike anything else in the world. We change even heavily polluted organic wastes into a biologically different material at the molecular level. We can go one step beyond remediation by blending in green wastes to produce a balanced C/N ratio for optimum crop yields with the ideal equilibrium of assimilable (plant useable) nitrogen, carbon, potassium, phosphorus, and numerous trace minerals **that are uniquely non-polluting** as they become stabilized and fixed. Our biotech does not allow releasing free molecules into the air, ground, or water making the entire amount of nutrient or mineral available to the plants' root ball.

- ✓ **Nu-Soil Organic Fertilizer dramatically improves grower's yields.** Nu-Soil is far superior to animal manures, composts, and petrochemical fertilizers because it offers ***far superior results*** to growers. Growers can ***expect a minimum 100% yield increase,*** using less water, in only 1- 4 crop cycles, ***and sustain these benefits thereafter***. No other fertilizers can do this.

- ✓ **A Crop Yield *Always Begins with the Soil*. Nu-Soil Organic Fertilizer creates and builds humus**, even in poor quality or depleted soils. Humus is essential for soil fertility, but ***without it, most nutrients and minerals remain unavailable to plants***. Higher humus content gives the soil long term or 'reserve' fertility, necessary for optimum yield under varied growing conditions, including drought. Humus helps supply the nutrients needed by the plants and organisms, and is vital to a continuing buildup of essential major and trace elements in the soil. Colloidal humus particles are always present around a healthy plant's

root ball and are always ***negatively charged***. ***They attract positive elements*** such as potassium, calcium, iron, and magnesium as well as trace minerals. **Test results show that Nu-Soil has a humus content of approximately one third (1/3) by volume.** Using ***Nu-Soil actually restores humus in depleted and compacted soils***. **Nothing else can. Other fertilizers, including petrochemicals, cannot create humus.** The importance of humus cannot be overstated for crop health, growth, and quality. It might seem that other fertilizers could add to humus by supplying more nutrients, thus, allowing for existing soil humus to expand. A quick web search can provide numerous studies showing this is **not** the case.

- ✓ **Nu-Soil *directly* aids in more root absorption of nutrients.** Our microbes, like the positively charged ions, are also attracted to the negatively charged root ball. While remaining there, ***our microbes actually convert all nutrients into a stabilized and much more plant acceptable form***. The result is **fixed** and **stabilized nutrients and nitrogen** that our microbes supply to the roots. Nitrogen is also modified by our microbes, ***creating a full 'burn free' supply to the roots while eliminating pollution***. These nutrients and various mineral ions are taken up by the roots slowly when plant growth begins. Then, during the growth period, our microbes become even more active, moving 0.5 M (19") around the root ball, supplying more nutrients as wanted. Petrochemical suppliers have tried to duplicate this effect with time release fertilizers, but the cost is usually prohibitive. **Nu-Soil's result is much faster growth, markedly better plant health, crop quality, and much higher yields.**

- ✓ **Nu-Soil Organic Fertilizer is safe, non-toxic, and odor free.** We effectively eliminate weed seeds in our fertilizer, and toxins, pathogens, and E. coli. at the farm, all huge potential health threats. Our technology can completely processes contaminated wastes, something nothing else can do. Our fertilizer is always safe and requires no special precautions, handling or training, unlike petrochemicals which can be very hazardous to handle and use.

These exclusive competitive advantages are the keys to our China Company's long term success, unusually high profitability, and extremely bright future as a new stock offering (IPO).

a. TECHNOLOGY ADVANTAGES

Now we will explain why our biotech works. **Just how good is it *and how does it compare*** in the real world to everything else**?**

The key comparisons for fertilizers are 'N\P\K values'. In the 1830's a German scientist developed the theory that nitrogen, phosphorous, and potassium levels are the basis for determining healthy plant growth. N\P\K represent nutrients; **N**itrogen, **P**hosphorous, and **K** for potash (useable potassium). The three numbers listed today on fertilizer labels correspond to the percentage of these nutrients in the fertilizer. **Nitrogen** helps plant foliage to grow strong, **phosphorous** helps root growth, and **potassium (potash)** is important for overall plant health. High nitrogen fertilizers will make for quick growth, but weaker plants, more susceptible to attacks by diseases and pests. The higher the N\P\K number, the more concentrated the nutrient. For example, a fertilizer listed as 20\5\5 has four times more nitrogen in it than phosphorous and potassium. A 20\20\20 fertilizer has twice the concentration of 10\10\10. The N\P\K numbers can be used to calculate how much needs to be applied to equal 1 pound of the nutrient to add to the soil. If the numbers on the fertilizer are 20\20\20, divide 100 by 20 and this tells you that you need 5 pounds of the fertilizer to add 1 pound of the nutrient to the soil. Highly concentrated, expensive fertilizers have N\P\K values over 100.

To evaluate just how good our technology is, the actual N\P\K values of both manure and natural fertilizers should be reviewed. On the following chart, it is apparent that ***animal and human based fertilizers simply do not offer any beneficial N\P\K values***, ***are usually deemed worthless by growers, and do not produce any measurable results*** as measured by higher yields. These types are the most difficult to market. The only reason there is so much of this type available worldwide is the fact that these fertilizers are from huge quantities of polluting wastes that must be disposed of. Many university studies show **farmers would actually be *better off using nothing than using these types***!

NPK Values of Animal Manures

	N Nitrogen %	P Phosphorus %	K Potassium (Potash) %
Cow Manure	0.6	0.4	0.5
Horse Manure	0.7	0.3	0.6
Pig Manure	0.8	0.7	0.5
Chicken Manure	1.1	0.8	0.5
Sheep Manure	0.7	0.3	0.9
Rabbit Manure	2.4	1.4	0.6

The numbers do not lie. Web sites like http://en.wikipedia.org/wiki/NPKrating and http://www.allotment.org.uk/fertilizer/npk-manures-compost.php offer ample information.

NPK Levels in Natural Fertilizers

	N Nitrogen %	P Phosphorus %	K Potassium (Potash) %
Bloodmeal	12	0	0
Bonemeal	3.5	18	0
Hoof and Horn	12	0	0
Fish Waste, Blood & Bone	6	6	6
Chicken Manure Pellets	4	2.5	2.3

It is clear that both manure based and natural fertilizers offer no marketable benefits and ***are at the bottom of the price range for good reason***.

Now study the table below. ***It shows one of the highest N\P\K rated and, most expensive, premium petrochemical fertilizers available as directly compared to Nu-Soil Organic Fertilizer.*** **Note the Total N\P\K rating and the actual amount that is useable (assimilable) from each:**

Analysis of Available Root Nutrients:

Nutrient:	N		P		K	
	Rated	Assimilable	Rated	Assimilable	Rated	Assimilable
Best Petrochemical	96.00	14.40 (-81.6)	120.00	18.00 (-102)	240.00	36.00 (-204)
vs. Nu-Soil	22.94	22.94	81.96	81.96	84.95	84.95
Nu-Soil Advantage:		+159%		+455%		+235%

Analysis from Techtrade Management International Corp., Dr. Eliseo Ruiz, University of Missouri.

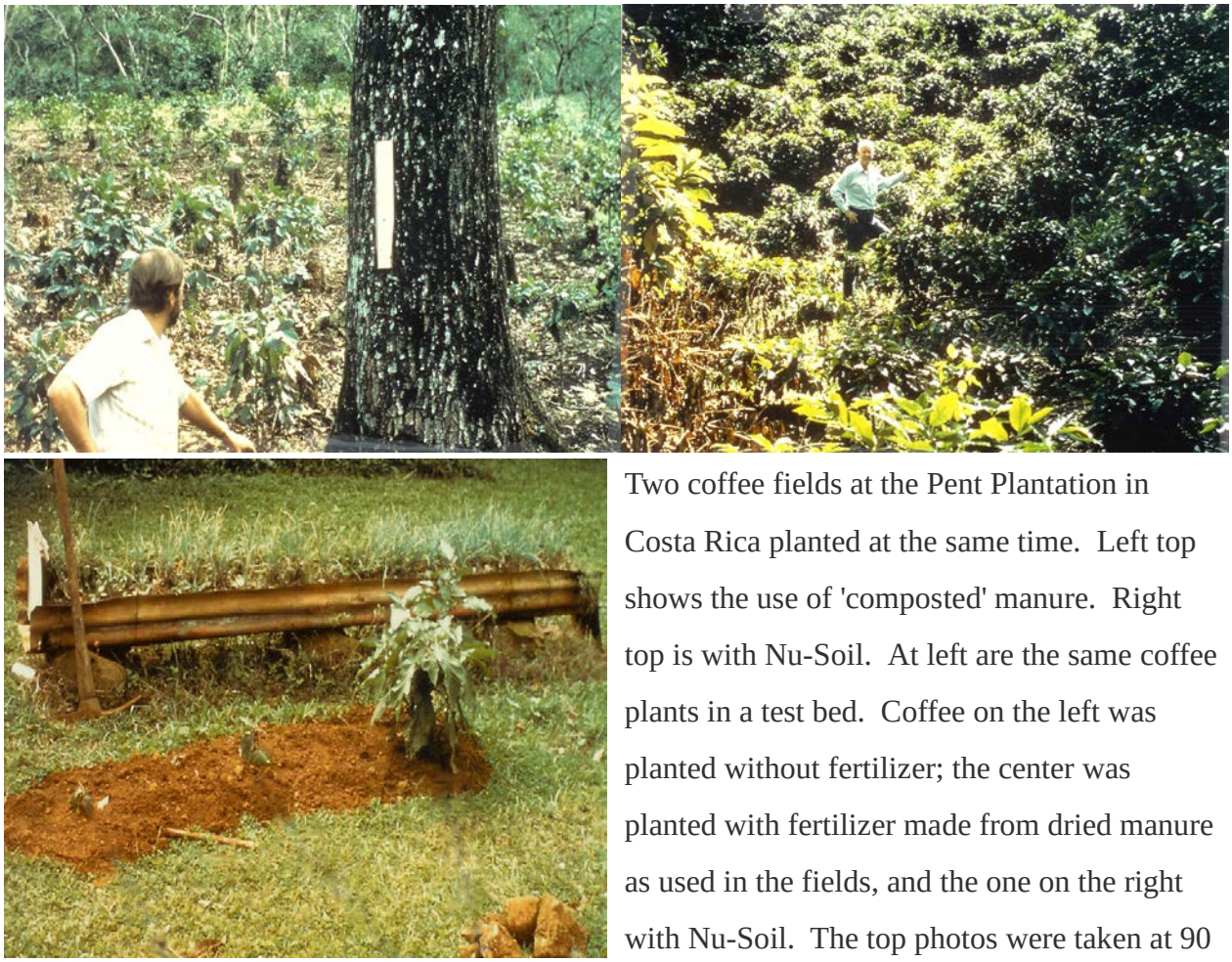
The best premium petrochemical fertilizers have a very high N\P\K value in the range of 96\120\240 (vs. manures at only 0.6\0.4\0.5). Such a highly rated fertilizer will carry an equally high cost (over 3,300 RMB/MT, or over 550 USD/MT, or €400 EU/MT in 2012). **Note carefully what this analysis is showing**. ***With the highest N\P\K rating of the very best petrochemical fertilizer***, ***most of the nutrients are lost!*** The nutrients are not 'fixed' or stabilized in any way, and this is true of all fertilizers, ***except Nu-Soil!*** **Lab tests prove that Nu-Soil binds or fixes 100% of all nutrients,**

and that the *useable Nu-Soil N\P\K values are 159-455% higher than the very best petrochemical fertilizers*. *But, unlike petrochemicals, Nu-Soil cannot "burn" a crop - there is no risk!*

This proves that Nu-Soil is by far the best fertilizer in the world also explains why our technology gets the fantastic crop results that it does!

b. A WIDE VARIETY OF CROP RESULTS

Results are always the ultimate test for viability and success. Here are some of the typical results that have been achieved in various crops around the world:



Two coffee fields at the Pent Plantation in Costa Rica planted at the same time. Left top shows the use of 'composted' manure. Right top is with Nu-Soil. At left are the same coffee plants in a test bed. Coffee on the left was planted without fertilizer; the center was planted with fertilizer made from dried manure as used in the fields, and the one on the right with Nu-Soil. The top photos were taken at 90 days, the test bed photo at only 30 days. Testing in Costa Rica lasted just over two years and also involved remediation of coffee waste water pollution. Coffee grown with Nu-Soil bore higher quality beans in only 2 years, instead of the normal 4 years, and the yield increase was 100% higher. Profitability from the Nu-Soil grove actually increased more than 100%, due both to the doubled yield and higher quality beans, which sold for a premium of 30% more.

3 test beds outside Shanghai, China shows the same crop planted on the same day. Bed at left was planted with a chemical fertilizer, center bed with local dried manure compost and at right with Nu-Soil. Photo was taken at only 24 days. Look closely to see a meter stick showing relative height.

These photos show Red Peppers grown in Jakarta, Indonesia. Planted on the same day, the plants on the left were planted with local 'composted' manure. Plants on the right were planted with Nu-Soil. Photos were taken at 21 days. The first crop yield, grown with Nu-Soil, was over 100% higher, and harvested in only about half the usual growing time, allowing for a second crop.

Potato crop was planted in 2 days in rural South Africa. Note that the backgrounds in our photos show that we always use adjoining fields for our comparisons. Photo on the left is with locally

‘composted’ or dried manure, while the photo on the right is this same planting with Nu-Soil. Photos were taken at only 21 days from planting. Crop yield increase exceeded 100% on the first harvest, in only half the usual growing time, allowing for a second crop in the same growing season. This is especially noteworthy because potatoes devour almost all the nutrients in the soil and require the greatest amount of soil preparation for each crop.

All our advantages; big crop yield increases, no "burning" risk, increased soil humus, fixing soil problems, farm land reclamation, farm pollution remediation, shorter growing seasons, certifiably 100% organic for premium crop prices and greater soil water retention benefits can be easily duplicated by our technology virtually anywhere in the world crops can be grown. And, even in some places crops cannot be grown currently. We have many independent and government lab test results proving the remediation of pollutants and contaminates. Of course, all our data will be made available for review by interested parties. However, perhaps the best verification we can offer is formal approval by the Unites States Environmental Protection Agency granting us permission to manufacture and use our products anywhere and on anything, even though we may have started with polluted raw materials. This permission is the most difficult to obtain, requiring both a lot of time and expensive testing with no guarantee of approval. We were granted approval for even the strictest classifications. In China, we have been told that the Central Government will most likely accept our EPA approval, without requiring a complete re-testing.

c. FEASIBILITY OF ESTABLISHING PRODUCTION PLANTS

The basic fundamentals of business feasibility remain fairly simple. These are **the ideal key factors to any business plan**:

- A significant and unique competitive advantage that will endure.
- A definite and easily identifiable demand for a superior product.
- Readily available raw material sources at a low and stable cost basis.
- Cost competitive sales driven by a proven Marketing Plan, and finally,
- A good return on investment (profitability).

Most often, a feasibility study on an excellent proposal will identify three, or maybe even four, of these factors. However, **this project actually offers all these components and more!**

SECTION II, A. PROJECT GOALS AND PLANNING

The feasibility of establishing an operating composting plant is fairly straight forward, as this is the simple, 'low tech' part. Pick a location, set it up, bring in the waste materials, and start selling fertilizer. The objective of establishing the first fertilizer plant must be to operate a 'showplace' facility that would operate at the highest 'economies of scale'. That means the operation should be scaled up to handle the greatest amount of wastes that the equipment and personnel can handle for a full scale production plant. Such an operation would also provide the highest plant profitability, and become the model for our future expansion.

The goal of this proposed project is not to simply establish one very profitable operating fertilizer plant to use as a demonstration. Our primary goal for this offering **is to build one of the world's largest businesses as quickly as possible**. **Then, take this China Company to an Asian stock exchange as a new initial public offering (IPO).**

The single most important item in planning will be the actual site location. Sites must be as close as possible to both the waste materials needed and to the growers who will buy our Nu-Soil Organic Fertilizer. The majority of sites will probably be the existing composting locations of local area animal farms or independent fertilizer producers as they already exist in good locations with existing permits. They also have existing customers that we can capture immediately. Much of the rest of the planning agenda will be more 'mechanical' in nature.

As our business will attract local and even national government interest almost immediately, it should be recognized that government cooperation will be needed early in order to facilitate our expansion efforts, especially for the establishment of large scale operations and setting up our own locations, independent of local farms. Our planning needs to reflect this reality by reaching out and cultivating receptive government contacts early in our site selection process.

SECTION II, B. COMPANY OVERVIEW

Before any company is set up, it should be determined if there will be only one company for all of China, or more than one. There are advantages and disadvantages to both, of course, and it is not the purpose of this business plan to discuss all those points. Whatever type of corporate entity the China Company will take, and whether one company or one or more for each province, the following basics

will apply:

1. The company will have the exclusive license to the technology and products for China that will ensure a very long and profitable future.
2. It will have input from, the full support of, and access to the Organic Bio Solutions management team, which has vast experience in all aspects of fertilizer production, operations, sales, management and marketing.

a. PHILOSOPHY

A merely good company will have a clear philosophy on how they wish to conduct their business, however, a ***great company*** will have a focused philosophy that is the beneficial overriding factor in their conduct and is expressed in their Mission Statement.

This new company has the opportunity to be outstanding among all companies operating in China for several important and significant reasons:

1. It is said that 'perception is reality'; what people think of you can often be more important than who and what you really are. It is why many companies have public relations specialists who try to constantly cast a favorable light. Our China Company will be doing nothing but 'good works'. It will be remediating polluted wastes into a very beneficial fertilizer that will help all Chinese enjoy a better diet and life. With this project, our reality will create a very positive perception and image.
2. The top priorities of the Central Government are to increase food production and solve the pollution problems. As we will be doing both, and as we take care to 'mind our politics' or not seem to be any threat, we should have no lack of 'champions' or 'heroes' to carry our banner, locally and nationally. This will only add to our image.
3. A highly regarded image opens the doors for even more opportunities as we grow. It will be possible to find other outlets for 'good works' that the company can undertake, usually without high expense, but great for image-building. It may be feasible to establish a showplace farm that would highlight our technology along with other compatible technologies and products. It could include farm animals in a pollution controlled environment (with no odor too!) and hybrid plants and flowers, not usually

seen anywhere. This may well turn out to be a tourist attraction where families and school children can 'visit' an idealized working farm. More importantly, it can be visited by central and local government officials and go far in speeding our growth (and permits) throughout China.

4. Another idea, and there are many, would be to hire salesmen to work in rural areas, to demonstrate our fertilizer technology to local farmers and build on our image. They would be providing our company with valuable information about farming conditions, market potential, soil conditions, and who may want to sell or lease their land. Nothing would prevent our company from also growing our own higher value crops, and eventually, move into the very profitable food distribution business.

b. ORGANIZATION STRUCTURE

The type of business entity has already been briefly discussed, but there are tax and legal matters to consider, that we have researched. From advice of an expert Shanghai attorney, we are told that it would be best to establish a foreign investment company because of the nature of the ownership and tax status of our proposed China Company. The corporate tax rate for a China operating company is at least 33%, however, there seem to be perfectly legal means to examine considerable tax savings. These ideas will need to be discussed in detail, of course. Also, as our company will plan to go public, the types of stock and the eventual listing exchange chosen will all be factors. The organization structure will most likely be that of most typical corporations.

c. MANAGEMENT TEAM

As with any corporation, the top management positions are the most critical. The management team at Organic Bio Solutions has an average of 20+ years of experience in the fertilizer business covering composting, plant operations, marketing and promotions, bagged sales, bulk sales to farms and others, and of course, working with our technology. This team will be available to support the China Company management team as needed. We can also provide job descriptions and recruiting criteria to help obtain the best people, and whatever training and guidance that would be helpful. Our team is open to running operations ourselves or employing other management.

Basically, the top jobs should be filled by experienced managers, preferably with agricultural backgrounds. Local plant managers and sales personnel should also be experienced in local fertilizer business, offering valuable knowledge and contacts. Organic Bio Solutions has already thoroughly trained our permanent representative in China in every aspect of our product's use, application, and marketing. With Organic Bio Solution's help, the company should reach top efficiency very quickly.

d. PRODUCTION AND OPERATION

i. Production Sites, Method and Type

Sites for our **fertilizer plants are fairly simple and 'low tech' and** need to be close to agricultural and animal farms, for obtaining raw materials. Another benefit from locating in such areas is low land costs. **Existing animal farm composting operations could be taken over, saving time, money and providing us the opportunity to package our pollution remediation service business with our fertilizer production under a contract** at very favorable terms. **Also, we could secure all our raw material suppliers under contract and 'lock out' other fertilizer companies** completely. Our sites can easily be off the main roads in lower cost locations. Sites need to be relatively flat, and equipment can be operated mostly on dirt. We need only a few permanent facilities. Low lands where flooding could occur, and areas with roads unable to support trucks must be avoided. Basic utilities are needed, but water for fertilizer operations can be waste water.
A good option would be to buy existing fertilizer plants or companies and save time and RMB.

Our production method uses a typical windrow style of processing. Depending upon the site, windrows can be very long; ¼ to ½ mile in length (0.4-0.8 KM). Green waste and a manure waste are dumped into the row, side by side. When the correct amount and length is established, a specialized windrow forming and turning machine, called a Scarab, is used to mix the raw materials and form a nicely shaped windrow to begin the conversion processing.

Immediately after the Scarab does its function, a water truck is filled with Organic Bio Solution's inoculum mixed into the water. The water truck then drives between the windrows and sprays the mix onto the sides of two windrows at a time. This begins the actual conversion process and starts to establish the correct moisture content. This method of turning the rows and spraying them continues, about every three days, for four weeks until the conversion of the raw materials is complete. The

result is a ‘new material’; Nu-Soil that is now ready to sell or store, depending upon demand (planting cycles). Crops have slightly different planting cycles, so demand is reasonably balanced.

ii. Process Safety and Quality Control

Unlike us, all other fertilizer producers seek to dry out their product as quickly as possible, releasing vast amounts of pollution in the form of CO2 and nitrates into the air, soil and ground water. Our process is completely pollution free. There are absolutely no risks involved in handling, touching, breathing, swallowing, etc., of our inoculum so there is no concern for worker’s health. Also, it is easily stored indoors at room temperature as it is inert; it will not react with anything, will not burn, explode, or cause any kind of damage to anything. It will not even make any stain or odor.

Our technology insures the same high quality processing and end product *regardless of location and regardless of what specific raw materials we find* to use. Competitors’ fertilizers are only as good as the raw materials they choose to use, which is exactly why competitors will never be able to even begin to match the results we achieve. We always produce ***consistent results***.

The easiest way for everyone on our production site to know that our quality is perfect is amazingly simple. When the whole process is odor free, everything is processing as it should and the fertilizer product will also be perfect. If there are the normal, foul odors that one would expect when handling raw manures, there is something wrong. If that should happen, it is easily corrected.

iii. Production Capacity and Distribution

Most of the major pieces of equipment needed are designed to operate at a certain maximum capacity per hour. The key item, and most expensive, is the windrow turner. Therefore, the plant operation should be matched to the maximum utilization of this item. This will yield the highest return for the operator/investor. Trying to produce beyond this optimized amount at the same location by adding more equipment would not be as optimal as adding an additional plant. Additional plants can be opened in relatively short time.

The other factor determining production capacity is the site size, which determines how much raw

materials we can take in and the space allocated for storage. Given enough space, we can match the equipment to produce the optimum quantity. Demand or projected sales are never really factors. Experience has taught us that we will never be able to meet all the demand in a given area, nor do we really need to. Worldwide, there is an acute shortage of quality fertilizers. We plan to sell only a premium product. Our Marketing Plan will detail how we intend to target higher value crops. In general terms, a small plant would produce 4,000-5,000 MT per day and a large site can make 10,000-12,000 MT per day. In order to accomplish that, the plant would operate either 6 or 7 days per week, 10-12 hours a day, almost all year around (in snow-free climates).

Distribution will be unusually easy as our plants will be located close to 90+% of our farm customers. Most bulk deliveries will be made by commercial truckers within a 50 KM radius and the cost is about 50 RMB/MT. Premium bagged product will be shipped by truck to end users or to retail distribution points. Thus our plants will be close to raw material sources and to our customers.

iv. Marketing Plan and Sales Goals

Our Marketing Plan and sales goals are not to try and make as much low priced fertilizer as possible, but to make as much as we can sell for high profit to high value crop farmers. This strategy means that we intend to ration our product by price, selling to those who can most afford it. The reasons for this strategy are very important.

First, we can never hope to make enough Nu-Soil to capture a majority share of the market. ***We would need hundreds of plants to obtain over a 10% share***. Realistically, no company could grow that big in China without risk of being taken over by the government. Instead, ***we must plan our growth rate and control it, at least until the company can go public.*** The fertilizer we will produce will be the only product capable of doubling yields. Farmers growing high value crops will profit the most, and so can best afford our premium product, especially as we increase prices. We believe this is the best strategy that will allow our company to fully maximize profits.

Secondly, there will always be a limit to the raw materials that can be obtained at any one site or in any given area. **Demand for fertilizer is always higher than what can be produced**. **If we sell to high value crop growers, they receive a lot more profit from their increased yields**. The strategy

is very basic: Who makes more money; a cotton farmer or a strawberry grower? The berry grower makes many times what a cotton farmer makes. Double the berry farmer's income and he will pay a very big price for the product that allows him to keep twice his sizable income. This is the simplest, purest and most effective marketing strategy there is.

Our Marketing Plan is designed to get us to the point of driving higher demand and prices for our fertilizer, as quickly as possible. Experienced sales people will help us to find and make contacts with those high value crop growers. However, no amount of sales expertise claims or photos will convince very skeptical farmers that our fertilizer will do what we say. ***The key is to provide a 'special introductory offer' to our product.*** We keep it simple by initially selling for a very big discount. This way, they know it is expensive, and therefore, it must be good. But, they do get to try it for about the same price as whatever they are currently using.

This strategy relies upon the basic nature of farmers. They will never risk their crop by trying something new on their whole farm. They will try it only on a small plot the first time. That is all we need and all we should expect. So, we sell it 'heavily discounted' to be sure they give us a trial. When they see the results for themselves, they always call back for more. **They completely understand a higher yielding and better quality crop**. The underlying technology really means nothing to them. When they call for more, the huge special introductory price discount is no longer so big! The farmers no longer want just a sample for a small trial patch, but enough for at least one half or their whole farm. At this point, we have just entered our **'demand driven' pricing model**.

v. Peripheral Equipment for Production

The equipment needed will be the ideal for a large scale facility capable of producing 10 - 12,000 MT/day. This size also offers the highest return on investment as the difference in cost for slightly smaller equipment is not that significant. Again, the key to the facilities efficiency will be the proper model Scarab windrow turner. There are competing products, however, only the Scarab operates in a manner that is most beneficial to our process technology.

Besides the turner, each large scale plant will need at least 3 rubber tired front loaders, 1 large water truck of at least 11,500 L (3,000 USG) capacity, 2 small pickup trucks, 1 large (full size) pickup truck, 2 medium size dump trucks, bagging equipment, a heavy duty forklift, a grinder/shredder, a

prefabricated office for management and accounting, a prefabricated maintenance building for equipment servicing, and a refueling truck to get the diesel and refuel the equipment where needed.

The improvements needed on the site include a large covered concrete slab. About the only other site improvements needed is to bring in utilities, and good road access. Fortunately, our operations do not require expensive design, engineering or building projects. **Exiting animal farm composting sites would be ideal for our company to take over initially, saving time and money.**

From initial costs for the various items mentioned, ***it is our best estimate that about an average of 12,000,000 RMB (2,000,000 USD) would be required to complete each initial plant for acquiring the equipment and operating capital allowances***. We would also have options of taking over an existing animal farm composting sites and purchasing small, independent producers, or even a competing fertilizer company. These options would provide the fastest growth.

Ideally, we would open as many plants as possible for several very important reasons. We will have only a certain time frame or window of opportunity to accomplish this goal in a maximized way. Before our company becomes very well known, we should capture as strong a foothold in the marketplace as possible. Increasing attention also means increasing scrutiny from the government. However, the best reason to move quickly on expansion is to maximize the value of the company before taking it public on a stock exchange. **Our target timeframe for going public should be two years. Fast growth will reap the greatest rewards, in both revenue and profit growth and in company valuation for an Initial Public Offering (IPO)**.

f. INTELLECTUAL PROPERTY AND TECHNOLOGY SECURITY

i. Proprietary Technology

Organic Bio Solutions has investigated the feasibility of obtaining worldwide patents. Patents have been researched and applications have been prepared in some countries. The leading international intellectual property law firm has informed us that, in their opinion, we can obtain excellent US patents, perhaps the best they have ever experienced, covering not just the technology and products, but an entire class. We are told we could obtain technology and product patents easily, however, it was recommended that we not make immediate applications. The reasons given are very important.

First, the applications, and therefore the technology and all the details, will be published and public record once the patents are granted. The burden and expense of enforcing patents then falls upon the owner to find violators, report them to authorities, and file lawsuits. Secondly, there is a 'honeymoon' period that begins the day the patents are filed and ends the day the information is published. This 'honeymoon' period occurs while the application is in pending status. The owner has all the benefits and protection of patent rights, but as nothing has yet been published, thus, no concerns or costs about enforcement. Thirdly, a good law firm knows how to file the applications, and then file amendments or minor changes to the applications to extend the pending review period (the 'honeymoon'). We are told we can expect 12 months at a minimum and 24 months at a maximum. This time will be very important in allowing our new company to both capture market share and build revenues, without expending staff and money to look for and enforce our patent rights. Fourthly, patent rights have a set time limit that varies from country to country. Thus, our strategy is to file patent applications once our project receives funding as this would also have the added benefit of providing the maximum time for patent protection.

As we want to get a patent in more than one country, two popular ways of 'keeping our options open' are the Paris Convention and the Patent Cooperation Treaty (PCT). Under the Paris Convention, we would have one year from the date you file your first patent application to select other countries in which you would like to file patent applications. Be aware, however, that the Paris Convention procedures are available only to signatories to this convention (with Taiwan being an important non-signatory). Under the PCT, you can 'buy' yourself up to 30 months of time to file in other countries from the date you file in the first or home country (http://www.inpex.com/newsletter/2006-08-01-exhibitor-world-patent.aspx).

Patents come at a cost in money and <u>revealing secrets</u>. Each country has its own special formats and requirements. The initial estimate for obtaining them worldwide is between 60-120,000 RMB (10-20,000 USD) in each country and as much as 12,000,000 RMB (2,000,000 USD) in total. While patents offer good protection from others stealing and using the technology, **enforcement of patent rights usually does not include government action**, in most countries. **Finding violators and enforcing patent rights is almost always the responsibility of the patent owner**. As a result, it would require a large amount of funds to police products, find violators, gather evidence, file

complaints and bring lawsuits against such violators. **Our law firm estimates this function alone would cost at least 60,000,000 RMB (10,000,000 USD) per year worldwide**.

Delaying patent filings until the last minute is desirable for another very fundamental reason. **Our products, and the underlying technology, cannot be reverse engineered**. It is simply impossible with current or foreseeable future technology for anyone to figure out what we have or what we do in regards to our products or technology, for very sound scientific reasons. Many will undoubtedly try to analyze our samples, of course, but cannot succeed even with cutting edge methods.

ii. Certificates and Approvals

Our technology and products were approved by the United States Environment Protection Agency after 6 years of exhaustive testing. Our products and process were found to be harmless to the environment including people, animals, soils, water, ground water, and air, regardless of the extent of contaminates originally present. We had to prove our technology is effective in order to be approved. Numerous tests demonstrated that the only remaining by-products of our pollution remediation and fertilizer processing are carbon dioxide and water. Numerous lab tests by government agencies and independent labs for projects we have completed always show pollutants reduced to levels well under standard or negligible.

g. KEY PARTNERS AND SUPPLIERS

The only key partner of the China Company will be Organic Bio Solutions, the technology supplier. Organic Bio Solutions will have an equity share in the China Company, and will have a keen vested interest in maximizing the success of the China venture for all the owners. This will make for a very secure and confident relationship. Also, Organic Bio Solutions will be the only key supplier to the China Company. Thus, all our China Company's supply lines will be secure and easy to maintain.

A. PRODUCTS AND SERVICES

a. EXISTING PRODUCTS

Dried manures are always sold for whatever the producer can get. Petrochemical fertilizers are

marketed in two basic ways. First, there are the generic products that offer a fixed set of ingredients. The N\P\K values and additives are predetermined to meet a price point in the marketplace. The main concern for farmers using a generic petrochemical fertilizer is the risk of burning their crops. Farmers tend to use this type with caution and generally under-fertilize for reasons of caution and cost. The second marketing method is a customized petrochemical fertilizer. This expensive type will be responsible for the little competition we will face. In this case, soil samples are taken and analyzed for existing N\P\K and trace minerals to determine exactly what the farmer's soil needs to produce the best crops. The producer then custom blends an expensive fertilizer for that farmer.

b. ADVANTAGES OVER OTHER PRODUCTS

Customized petrochemical fertilizers *promise* the grower the maximum possible yield. Other than Nu-Soil, this is the most beneficial fertilizer any farmer can obtain as it will provide the biggest crops and account for some soil deficiencies. Because it is a customized premium fertilizer, it is also the most expensive and unaffordable for most farmers. In China, we estimate less than 10% could afford this type because it is rare to obtain over a 20% yield increase. W**ith conventional fertilizers, the rule is that the more you use, the more water you need. This is especially true with petrochemical fertilizers and another 'hidden' cost of their use**. ***Also, more petrochemical fertilizer is required with each crop cycle to try and maintain the yield increase. This factor is called* 'The Diminishing Yield Curve'** ***and has been well documented***. The soil compaction and depletion damage caused by petrochemical fertilizers is another hidden cost. These custom blends work by maximizing the nitrogen content to achieve the yield increase. The blend is biased toward a nitrogen rich mix so the grower will see results by faster growth. However, note that a higher nitrogen mix will make for quick growth but weaker plants more susceptible to attacks by diseases and pests. **Pest and disease control are another common hidden cost of petrochemical fertilizers**.

Traditional farming in the past relied on the planting of diversified crops (crop rotation) that attracted a range of insects, some of which are natural enemies of insect pests. **Eliminating crop diversity in favor of monoculture crops left the fields without the beneficial insects, and crops became more vulnerable to insect pests, requiring a steady rise in the use of pesticides**. Much of the sprayed

pesticide runs off into the groundwater and becomes a major source of water pollution in every agricultural region of the world.

Pesticides also destroy good soil. The soil contains millions of microscopic bacteria, fungi, algae, and protozoa, as well as worms and anthropods. These organisms maintain the fertility and structure of the soil. **Pesticides destroy these organisms** and their complex habitats, **hastening the process of soil depletion and erosion.** American farms lose more than four billion tons of topsoil annually, much of it because of the high-tech farming practices introduced over the past half century. By the 1970s, the U.S. had lost more than one-third of its agricultural topsoil. **The depletion and erosion, in turn, have required the use of ever-increasing amounts of petrochemical fertilizers to maintain agricultural output**. **Marginal returns have set in**. More and more inputs are required to produce smaller gains in net crop yield; moreover, high energy agriculture is now a major contributor to global warming. Reliance on petrochemical fertilizers has increased the release of nitrous oxide, a potent global warming gas. (Petrochemical fertilizers and pesticides destroying farmlands, http://encognitive.com/node/2189, retrieved on 2012-4-20).

Nu-Soil offers more advantages than custom petrochemical fertilizers without the pollution or risk of burning. Yields increase each crop cycle such that ***farmers realize at least a 100% yield increase and maintain that increase indefinitely without soil damage or requiring ever more fertilizer.*** Also, as Nu-Soil contains transformed nutrients like nitrogen that is fixed and stabilized, ***plants grow quickly and healthier, not usually needing any chemical disease or pest control***. Because Nu-Soil is not customized, ***our production is far more efficient and lower cost***. And **as we will sell at a demand driven price, we will reap very high profit margins and ROI.**

E. MARKETING AND SALES (M&S)

a. MARKET FORECAST

First, examine the size of China's market. It is staggering to comprehend just how big it really is. Close to 135,000,000 Hectares or 2,000,000,000 Chinese Acres (CA) or 1,200,000,000 US Ac. are under cultivation in China. ***Farmers average two crops per year*** and use an average of 0.75-2.0 MT of fertilizer per crop per CA, depending upon the soil and crop needs. Thus, ***annual demand for fertilizer is about 7,000,000,000 MT/year***. The government is spending more and more in an all-out

effort to try and obtain as much as it can. **There is not enough good fertilizer to begin to meet demand. China is the biggest fertilizer user in the world**, demand is almost unquenchable **and the market is worth a potential $21 Trillion USD/year.** The government is also looking for new areas where cultivation can be expanded, including sensitive wetlands. Our technology allows for the reclaiming of lost farm land currently sitting idle and unusable. With the ability to restore these lands, we have an even bigger market potential.

b. MARKET ANALYSIS - Domestic China Market

Fortunately, information on farming and demand in China is rather easily available. China currently has 40% of all land in farming, compared to India at only 23%. Of almost 2,000,000,000 CA currently being farmed, about 30% or 540,000,000 CA of that is cultivating high-value crops (http://www.fao.org/DOCREP/003/Y1860E/y1860e08.htm). **Of the 7,000,000,000 MT/year of fertilizer needed, a higher percentage is used on high value crops**, while less is used on lower value crops. However, the ***potential market for a premium fertilizer will be substantially over 30% of all the fertilizer required for all crops because our Nu-Soil will be price competitive for most farmers due to the income generated from the doubling of their yields and higher quality***. **The 30% premium market share alone equates to demand of over 2,100,000,000 MT per year. However, at least another 2,100,000,000 MT/year would be from farmers who could now afford our fertilizer to increase their incomes.**

We would need 12 small scale or 6 large scale plants to meet just 1% of ONLY *the current premium (top 30%) market*! As we grow to meet 10% of the TOTAL market, we would need 350 small plants or 175 large ones. With all of our technologies' advantages, this should be viewed as a conservative due to the other virgin markets available, like land reclamation and pollution.

c. SALES

To meet demand for only 1% of the <u>premium</u> fertilizer market, we would need to produce 21,000,000 MT/year. ***If we were also to target sales to reclaim exhausted lands and remediate pollution*** on various properties, **we will easily need to produce well in excess of 40,000,000 MT/year just to meet an initial goal of only 0.3% of the <u>total</u> market**. ***<u>The issue then is not how</u>***

much we can sell, but really how much we can produce. The anticipated demand for a truly beneficial premium fertilizer that can create a doubling of yields and a higher quality, premium crop should not be underestimated. Farmers will react very strongly, and we should have no problem selling our entire production on a pre-production reservation basis.

d. COMPETITION ANALYSIS

i. Market Advantages

Our technology and product is truly unique, and there is currently no competitor who can offer anything remotely similar. Generally speaking, for a product to be considered to have an excellent competitive advantage, it would need to be perceived as at least 20% better than competitors. Given that Nu-Soil can increase yields at least 100%, it follows reason, that it would be at least 500% better than competitors. However, Nu-Soil does even more for growers than double yields.

As for the future, we must feel secure because major research and funding has been committed over the last four decades by large and small companies alike in continuing efforts to find a technology that would offer one or more of the benefits that Nu-Soil possesses, but none have succeeded. In fact, none of the extensive efforts have borne any fruit at all. The difficulty in this type of research is extremely high. Hundreds of billions of dollars have been spent. **Going forward, it is extremely unlikely that our technology will have a competitor.**

The competitive advantages of Nu-Soil are simply very rare or even impossible to find in a new venture proposal. Nu-Soil stands far above all competitors by every measurement and category.

ii. Service Advantages

This is an area that our China Company can approach on three levels. ***The first*** being our customer service in our fertilizer sales. We will only sell directly to growers for the reasons of controlling the sale and use of our products, to insure their success, and to avoid most government regulations and licensing requirements for fertilizer sales. Also, by selling direct, we have the opportunity to develop closer relationships with our customers by helping them to 1) insure correct use of our products, 2) obtain maximum yields, 3) use good soil and water management, 4) use the proper supplemental pest and disease control, if needed, and 5) to maximize their profits by helping

them time their ordering, planting, harvesting and sale of their crops. This level of customer service leads to a close relationship that creates long term, and very loyal customers.

The second area of service we will offer is pollution remediation. Many, if not all, animal farms will have to remediate their waste pollution problems to avoid being downsized or closed by the government. This service would be a large continuous business. That means those farms will have no choice except to use our service and pay every month for it. The reason is very basic. **There is simply no competing technology that can completely remediate nitrates, phosphorous, and all those other organic pollutants that contaminate their soil, water and ground water <u>on-site</u>.**

The size of this service part of our company is more difficult to estimate, but should amount to a substantial business with a rock-solid, extremely profitable cash flow. The side benefit to our company could also ***include placing these farms under contract to supply us with all their waste materials as part of the service agreement. In reality, our company would be paid for pre-treating their waste for our Nu-Soil Fertilizer, saving some time and money in our fertilizer processing***. These possibilities are endless.

The third opportunity will be in the food distribution business. We will find ourselves dealing on a daily basis with farmers who harvest and sell the highest quality crops. We will be reclaiming lost farm land for sale or use, by our company, to grow high value crops, with either employees or share crop farmers. It would be only natural to set up a better distribution business, especially when you consider the fact that **China currently loses 30% of all harvested crops due to poor distribution** (transportation and handling).

e. STRATEGIES

When one considers that the only strategy the sellers of dried manure based fertilizers have is to do the best they can to get rid of it, and the only strategy the petrochemical fertilizer makers have is simply to make a sale: **Our strategy is truly revolutionary**. We will offer our product to high-value growers on a one-time basis for a huge discount. Once the results are realized by these growers, we are in a position to begin a price rationing system (as discussed earlier in Marketing and Sales). Because of our unique market advantages, we will be able to ramp up to sell for a demand driven

high price competitive with petrochemicals, creating an unheard of high profit margin and ROI.

i. Building Marketing And Sales Channels

Our plan is to find experienced sales representatives with good reputations and people skills to help our company find high-value crop farmers, introduce our products, educate them on how to fully maximize the use of our products, and build the long lasting relationships we are seeking. We will not be relying on fickle distributors or retailers for bulk sales because they focus almost entirely on competing on price. Price competition is not advantageous to us for obvious reasons.

By eliminating 'middlemen', we insure our fertilizer is properly sold, applied, watered, and used to obtain the high yields and quality that supports our pricing system. In some counties, selling direct eliminates conflicts with licensing and sales regulations that would take time, education, and expense to change. **The bottom line to Marketing and Sales Channels is that we want to own and control our own**.

ii. Special Relationship Sales

This type of sale normally refers the sales to customers who, for one reason or another, have a special tie to our company or are a key customer with unusual influence. It is not very likely that we will encounter many such customers, and our desired customer service level in our direct sales channel makes all our customers a special relationship. If we do encounter a special circumstance, we anticipate that such situations can most easily be handled with an appropriate discount. ***Remember that our strategy of using discounts is to always reinforce the concept of the high, premium value of our products and the special treatment the customer is receiving when they get such a discount***. Again, our goal is the building a long term, loyal customer base, not dependent upon wholesalers or retailers whose primary focus is on finding the lowest cost provider.

iii. Pricing

Our pricing will be the most interesting part of this business because our pricing model does not set upper limits. An upper limit to what any product can be sold for always depends upon the

products' features and benefits compared to their competitors. Our product has no competition, based upon its benefits and features, and our product is limited in supply, then the upper limit of its pricing will be determined by the economic benefit enjoyed by the individual customers. As long as the growers are making more money from using our product, they will continue to buy it. For our financial estimates and analysis, we will use a price that is competitive to premium petrochemical fertilizers of 3,300 RMB (550 USD) / MT. In reality, we expect Nu-Soil Fertilizer to sell for more.

f. INVESTMENT AND FINANCING

i. Investment

The investment required is estimated to be an average of about 12,000,000 RMB (2,000,000 USD) per plant, including operating capital, and the land and improvements (see Peripheral Equipment for Production). Of course, the amount needed for each plant will vary for each location. The largest variable will be land cost. The ***total*** investment could be as high as 350,000,000 RMB (58,600,000 USD), including reserves. This amount will allow for at least 30 large-scale plants or 60 smaller ones, or any combination, to be opened over the 24 months, up to the time of an IPO. From our cash flow analysis, our China Company could be self-funding in as little as 6 months, depending upon the time before the planting season from when we actually begin production. We should be able to open a few more plants as well. In a ***best case*** scenario, we may need only about 100,000,000 RMB (17,000,000+ USD) plus reserves before being able to completely self-fund at this rapid pace.

Some plant sites could be setup from animal farms that are already producing dried manure for sale or even from buying competing fertilizer makers. Existing farms site have the added benefit in that those sites could be arranged as part of a contract for the treatment of their pollution contaminates and granting exclusive supply of their wastes to our company. Also, buying existing fertilizer companies or plants is a very viable alternative and would save time and money. The point is we are confident a plant site can be setup and operating in relatively short order, depending mostly upon the availability of the equipment needed. In our opinion, if equipment is not a delay, a small scale plant could be operating in as little as 45-60 days, and a large scale plant in as little as 90 days.

ii. Investors

We are seeking an venture capital firm or investment group capable of: 1) being able to begin immediately and 2) being able to fund this China Company to reach our rapid expansion goal in order to take the company public in about 2-3 years' time. That commitment will require sufficient funds to open multiple plants while they ramp-up production and sales, and cover the overhead for a period of time, and purchase any independent fertilizer companies that may be attractive. Note that most all funds will be used for obtaining the site(s) and equipment (mostly all assets) which will tend to minimize financial risk. Our goal is the have two small plants or one large plant operating as soon as possible after signing an agreement. The investor(s) should be prepared to provide funding over a relatively short period of time in order to finance rapid growth.

This market is incredibly large, and our biotech can capture it only as fast as we can expand. Speed is important to us for a lot of reasons, and that brings us to why we want the right venture partner:
Speed: 1) As with any revolutionary product, whatever market share is captured in the first years before competitors can respond, will be owned by that product almost forever. Thus, a fast start is critical in securing long term market position and advantage. 2) With a business with this large a potential, and such massive impacts on national markets and economies, the China company must go public (IPO) before the central government takes action to take over or restrict our company. This possibility will be understood by Chinese investors, and should not be underestimated by others. 3) Only with a fast start can our China Company present the strongest valuation for an IPO on an Asian exchange. As profitable as our business model will be, it is still the IPO that offers us and our investors the biggest returns.
The right investment partner(s): We seek a good, long term relationship with our investors. If the investors later seek to cash out, that will be their decision. However, our best plan must be for a continuing relationship ***that works well.*** Ventures have proved to be very successful and rewarding in cases where the partners had the same or very similar goals and management styles. We seek this this level of success with our partners and will pay close attention to this ideal model.

iii. Estimations

The estimates for equipment are based upon the fact that most items can be sourced in China, and that the prices will be slightly less than USA prices based upon labor costs. The exceptions are items that may be imported with a tariff, most notably the Scarab turning machines. It may be possible to

locate good used equipment, to lower start-up costs, and get the first plants into operation quickly. These possibilities usually do not last long, and can only be truly sourced when we are actually ready to buy. Estimates on sales revenues are based upon the costs of operating that we have verified by our case studies and sales prices for all types of fertilizers, as actually sold in the local areas we have researched. Therefore, we believe our estimates to be realistic and quite accurate.

iv. Uncertainty Analysis

The uncertainty factors of the variables used in our analysis are abnormally limited, however, there are three important areas in our analysis that we cannot state with complete certainty. The first is the actual startup or purchase cost of each plant. If used Scarab turning machines, in good condition, can be located at the time we need them, or if we find suitable sites that we can reasonably take over from animal farms, etc. The true costs can only be known after we decide to start in a new production site. It is our belief that actual startup costs, gross profit margins, and ROI have a good probability of being better than the analysis we have shown.

The second is the estimate as to the eventual upper limit of our selling price, once growers realize how much more money they can make by using Nu-Soil, and we are selling out everything we can make with our demand-driven 'economic rationing'. The upper limit, or what the market will tolerate, will be determined by the value, quality, shorter growing cycle, higher yield, and earlier harvesting, all provided only by us, for our growers. Again, it all comes back to making the farmers significantly more money. As long as they can do that, they will buy. But, note that our eventual upper price range will always be higher than any alternative products because of our superior results. Currently, the best custom-blended petrochemical fertilizers are selling for over 3,300 RMB/MT (550 USD/MT), and we have used that amount as our 'known' or 'confident' top sales price.

Lastly, the production ramp up after the first 2 plantings is very likely too conservative. It is hard to predict just how quickly 'good news' of such will spread. Our numbers assume a slow pace.

v. Breakeven Analysis

While we do recognize that most business plans would go into great detail at this point, showing

under what conditions, volumes, sales prices, and time it is expected to take to at least break-even on operations, we are an exception. As can be clearly seen by the preceding financial analysis, our break-even point is even lower than the lowest cost dried manure producers. **Even if we sell for less than the cheapest priced, most useless fertilizers (dried manures) on the market, we are still very profitable at 66% operating (pre-tax) profit!**

But, **financial results *will only be as accurate as the data which goes into them.* The accuracy of the data is always the most important consideration.** As every executive knows, ***financial data can be easily manipulated*** and is often the reason investment opportunities appear to be better offerings than they actually are. **Accuracy is also the reason we made such extensive efforts at all the research on location to discover actual conditions, costs, availabilities, and marketability** of all raw materials, regulations, possible sites, competitive fertilizers, trucking, and selling prices. It is because of our personal, on-the-ground research, that we have been able to obtain such accurate data for generating our forecasts. We have actually produced Nu-Soil in China, and gathered production cost, sales and pricing data to use in our analysis. The most important and useful case study is attached as an Addendum to judge the extent and accuracy of all our data and analysis. Please keep in mind that much of the data gathered is inside or confidential information gained by establishing many contacts as named in the report. It is our desire to help them avoid trouble, and possible dismissal, if the report were to be shared in the wrong way.

g. OPERATION RISK

The fact that this is not a complex business with complicated operations can really be appreciated when it comes to examining operating risks. The method of producing Nu-Soil Organic Fertilizer is about as uncomplicated as anything can get. Raw materials are fairly abundant and cheap, no expensive building and high-tech equipment are needed, no skilled labor force or numerous laborers are needed, and no difficult and/or lengthy permitting process is required, especially when we use existing farm waste sites. In general terms, this is unusually simple.

The vast majority of the funds invested will be for used for purchasing equipment and producing salable product. This will greatly reduce potential downside risk for investors as these items will have a resale value nearly as great, or even greater, than their cost. Thus, operation risk should be

seen as relatively very low compared to almost any other proposal with any upside potential.

SECTION IV SUMMARY

The key focus, and perhaps the sole focus, of this proposal is ***the wisdom of getting into this specific business***. **Again, it really comes down to our advanced and unique technology**.

The best application for this revolutionary technology is pollution remediation, especially as we relate that to agriculture and the related problems of soil reclamation and because of what only our technology can uniquely accomplish. A complete review has been given on the proposed project's end product, Nu-Soil Organic Fertilizer. No product or combination of products currently available anywhere in the world can offer the pollution remediation scope and effectiveness, the yield increases and land reclamation benefits our technology can promise ***and deliver***. Here is a brief summary of the most important factors affecting our technology:

A. SWOT ANALYSIS

a. Strengths

We will have a couple of very important advantages in China. First, this is an imported technology and not something the government can control directly. China will have a very basic choice; to either make the most of what our China Company is offering and become a net food exporter and the major player on the world scene, or pass on this huge opportunity and watch as another country or region becomes the dominate player.

Secondly, this is a strictly proprietary technology. No patents have yet been applied for, or issued, because the advanced technology behind our products would have to be revealed to the whole world, at a date certain after applying. It would be up to Organic Bio Solutions to search out and enforce the patents worldwide. Because there are no patents yet, and our products cannot be reverse engineered, it means no one can just lookup and use our technology without us. ***It is exclusive***.

As we stated, our main strength is in our unique technology. No other companies can offer any competing products. Only Nu-Soil can double yields, and so dramatically increase growers' profits, restore exhausted land, improve all soil types, and remediate pollution. The strengths we offer are

almost unbelievable, but have been verified over and over again, and can be demonstrated quickly to potential investors. Fortunately, we have test data from independent sources worldwide, now including China. How bright is the future of the China Company? From the standpoint of the technology and product offerings, it can only be very strong and compelling.

b. Weaknesses

The weaknesses we face are all from possible threats (see below). There are no technology or product weaknesses, nor any competitive weaknesses. Due to the outstanding benefits and features our technology offers, there are no revenue or pricing weaknesses. **This business is the most stable of all categories; that is, recession and inflation proof.** Everyone must continue to eat!

c. Opportunities

The China Company's opportunities are almost too big for comfort. With the ability to double food production, the impact reaches beyond China and into the world's market place. The impact upon food prices, quality, and availability are also huge. Add to these impacts, the ability to reclaim lost lands, save a huge percentage of fresh water, and remediate industrial and farm pollution, and we easily have more opportunities than the company can handle in quick order. The prospects for both short and long term rapid growth are quite astounding.

For a fast background from some important and very well documented articles written about coming world food shortages and famine, ask us to email a PDF copy of the National Geographic feature stories from Sept. 2008 and June 2009. These articles also reveal the fact that currently there are no solutions for increasing world food production, especially on a sustainable basis. This is invaluable information for anyone seriously interested in this project.

d. Threats

Possible threats should be the greatest concern for the new company. In China, it is necessary to carefully consider the role of government, as such a business operation as this will need not only government approval to continue, but a higher level of cooperation, which can only be achieved by

recognition of a real problem or need. This recognition and cooperation can be the basis for propelling a new technology, and our business, to truly lofty heights. We also see great opportunities for our proposed China Company to gain considerable advantages in line with government policies, specifically as regarding food production and pollution remediation.

The magnitude of the impact we can have on agriculture, land use, food prices, and pollution sources in China (and beyond) will certainly not be lost on the government. In spite of our genuine willingness to help China with its problems, we could easily be mistaken as a potential threat of some sort. Therefore, it is imperative that we make good political alliances and find an official who wants to be a hero for introducing this technology and become our 'champion'. This is necessary at all the levels of government. We think those familiar with how things work in China will readily recognize the absolute importance of this strategy.

The other big problem for us will be to manage our growth. Good news spreads fast. Ideally, we should expand our number of operating plants and build market share as quickly as possible. We can only try to remain 'low profile' for a limited time. If our personal investment goal is to take our company public as soon as possible, with as much value as possible, then a rapid expansion will produce the greatest growth curve conceivable and the highest IPO share price. Therefore, we should open plants quickly, ramp them up to full production over 3 crop cycles, and make every effort to target the highest value crops. One of our biggest challenges may end up being to attempt to go public before the Central Government gets the idea of taking our company over.

The security of the technology is the other area of concern. While the security and patent issues were addressed in the Intellectual Property section, the operating plants will not possess any information about the actual technology used in the waste conversion processing as done at the plants, or on site with pollution remediation. This eliminates any technology security issues from all the people and 'visitors' the plants and sites will be exposed to. The security surrounding the technology will be handled very judiciously and off-shore by Organic Bio Solutions.

The company will not be facing any competitive threats, something unheard of in almost every business in the world. Our technology, products, and results will be in a class by itself.

B. CONCLUSION

It is very often correctly said that "if it seems too good to be true, it can't be". This proposal deals with big numbers, and they can sometimes be difficult to grasp. Fortunately, the big numbers in our proposal can be verified rather. We have done our research, gathered accurate data, and produced samples on-site in our target area to help insure accurate forecasts. Our analysis show very big numbers. They are only possible because of our revolutionary technology, of course. But, even these numbers can be verified by inferior fertilizer products. Prices are quoted for only the cheapest dried manures on the internet or by phone, most fertilizers sales representatives will provide price quotes exactly in line with our sales estimates (those prices will be for inferior fertilizers). **Note that we do not attempt to add to any of our analysis the profitability that our company would gain from pollution remediation, land reclamation, and food distribution business as that is all very difficult to estimate, except that those too would involve very big numbers.**

As you have read, we like to focus on the basics. The fundamentals too often get lost in the hype of many business proposals. But, the fundamentals are the only things that will really determine the ultimate success or failure of any venture. ***For this proposal, the fundamental question should be "Can we sell a far superior product, as the low cost producer, for at least as much as the worst product on the market, for a very good profit?"*** If the answer is "Yes", then we will all make a lot of money. If the answer is "No", then we can only submit that no business will ever succeed!

Our Addendum on one of our research studies done in China which will present how and where we obtained all the data we used to formulate our analysis, estimates and projections. It is very helpful for recognizing the confidence we have in the accuracy of the data and numbers in this business plan. Thank you for your interest.

Jye Sen Lee, Asia Sales and Projects Manager, Organic Bio Solutions, Inc.
Contact Info.: jason@organicbiosolutions.com
Cell Phone Number (Shanghai) 13918139959

Stephen Rogers, Director of International Sales, Organic Bio Solutions, Inc.
Contact Info.: steve@organicbiosolutions.com

ADDENDUM

RESEARCH CASE STUDY

TO ORGANIC BIO SOLUTIONS'

POLLUTION and HIGH YIELD FERTILZER

BUSINESS PLAN

GUANG DA DAIRY FARM

Please read!

THE FOLLOWING IS STRICTLY CONFIDENTIAL INFORMATION. IT IS NOT TO BE SHARED IN ANY WAY.

PLEASE DO NOT CONTACT THE BUSINESS OR EMPLOYEES MENTIONED AS THEY WILL NOT TALK TO ANYONE THEY DO NOT KNOW. IF YOU DECIDE YOU ARE SERIOUSLY INTERESTED IN THIS PROJECT, WE CAN INTRODUCE YOU TO THOSE IN THIS STUDY, BY PHONE AND/OR IN PERSON, BUT ONLY BY OUR ARRANGEMENT.

WE DO NOT WANT ANYONE TO LOSE THEIR POSITION OR STANDING.

THANK YOU FOR YOUR COOPERATION.

Researched and prepared by Organic Bio Solutions, Inc.

November, 2012

In order to become completely familiar with current government policies, farming conditions, production costs and fertilizer markets, we have done 3 extensive trial operations from September to November 2011 in the Chong Qing area to insure that our estimates and analysis in our Business Plan would be accurate. This case study at G.D. Dairy Farm is the most informative and useful of the three undertaken, and provides a great deal of reliable data.

Additionally, we have made a lot of contacts throughout China to gain accurate data from other regions. We prepared this case study believing it would be very important to provide an actual example of government policies, farm costs and practices, and actual market conditions related to food production, fertilizer use and cost, and pollution that we saw in operation from our own experiences. We identified the farming area around Chong Qing as having the best potential initial market for our fertilizer and, thus, we concentrated our research there. The research studies were conducted personally by Organic Bio Solutions' International Sales Director and Asia Projects Manager in an effort to obtain the most reliable and unbiased data possible.

CURRENT CONDITIONS

G.D. Dairy Farm is located in Chong Qing City, Jiang Bei District, Yu Zui Town (重慶市江北區魚嘴鎮). We were referred to this farm by the Deputy Director for Ba Nan District, Chong Qing City (重慶市巴南區), Mr. Deng, who is in charge of the Agriculture Department of the large Ba Nan District. G.D. Dairy Farm is being relocated to the Ba Nan District primarily due to the dairy's waste pollution. The G.D. Dairy Farm will need to provide a "complete solution" to the Ba Nan District government and prove that they can completely resolve the huge amount of dairy waste pollution they generate every day to continue full operations. Because they cannot comply, the Ba Nan District government will force the G.D. Dairy Farm to reduce their cow herd by 38% (from 4,000 to only 2,500) and to relocate to a less pollution sensitive area. This dairy is not alone. All dairy and animal farm operations in this area are under the same government orders due to waste pollution problems that the government wants resolved now.

The impact upon the G.D. Dairy Farm is very substantial as they are facing a reduced cow herd, resulting in reduced dairy product production. We were able to confirm that they will lose 45-50% of their profits. This creates an excellent opportunity for our China Company to make a very significant impact by helping dairy and animal farm operations regain their herd size by making their operations and all their wastes pollution free. Our technology can be applied simply and quickly on-site to eliminate pollution and solve the concerns of the government. Also, it is entirely possible that the Agricultural Office could require our China Company's pollution remediation service to be used at all animal farms, as there are no other technologies available to do this service affordably, and most importantly, ***on-site and in-place***.

In order to gain a good understanding of the pollution remediation opportunity for our China Company, the seriousness of the pollution must be understood. The reason for the government policies is due to the fact that the pollution problems are serious and are now being addressed. Dairies are notorious polluters because the cows produce so much waste that causes heavy pollution of the soil and water. In the case of the G.D. Dairy Farm, the problems are actually being made worse by the farm's practices. Apparently, no one there is aware of this fact. However, the result is that the government has decided to move all the dairies to more remote,

less pollution sensitive areas and greatly reduce their herds in order to lessen their pollution. These herd reductions are to be permanent, unless the animal farms can prove that they can operate without producing the pollutants. This solution is not possible for the animal farms, unless it is offered by our new China Company.

The reason animal farm pollution is so serious is because nitrates and phosphates are the main pollutants, especially serious as these dairies were located close to the head waters of the Yangtze River (長江) where much of this pollution ends up. This adds greatly to the polluted river water that travels downstream to a large number of towns and cities, including Shanghai, where this water is needed for drinking, if it were possible. Nitrates and phosphates are very harmful to the environment and to living creatures. When ingested, people get sick and, if enough is swallowed, people die.

When there are a lot of animals in an area, the problems become very serious. Cows produce nitrates and phosphates from their waste urea and manure which is almost a liquid at 92% moisture. These contaminates, therefore, are in immediate contact with the ground where they leach into the soil and ground water. The remainder flows to the lowest point of the land and ends up in the water stream to the river (both above and underground).

We found that the local farms' practices are making this pollution worse. Currently, they do some separation of the manure in a special concrete pit to collect as much waste as they can. That is a good practice, but instead of treating this heavily polluted waste, they spread it over some their crops, probably just for the purpose of disposing of this polluted waste. Of course, government regulations will not allow them to just dump it on the ground, or into the river, so they seem to be "using" it, untreated, for "growing". This magnifies their pollution problems and the contamination of the soil, ground water and river. Most importantly, this "watering for crop" pollution is counted by the government when they take on-site samples for analysis.

Like almost all animal farms, G.D. Dairy Farm is trying to "compost" or merely dry and then sell all their waste manure to get rid of it. And, like most all animal farms, they do not understand how to make it into anything beneficial. True composted fertilizer is made from a number of nutrients, not just manure. It will contain a carbon source and minerals needed for good growth. Over 90% of "composted" manures in the world are nothing more than animal manure that has been mixed with a drying agent and left for a couple of weeks to dry. It is not good for plants.

Among the reasons that farm manures, and other fertilizers, are so poor is that the active nitrogen, which all plants need, is still in the form of predominantly nitrates. Both fertilizer companies and animal farms sell basic manure that is simply salty nitrates that plants do not like, however, this is not the main problem with farm compost. Over time, both manure based fertilizers and petro-chemical based fertilizers add salts to the soil, cause soil depletion of native nutrients and minerals, and cause soil compaction. Even worse, these results are cumulative. This is the sole cause of unsustainable farming, and the reason that all such farm land eventually becomes unusable in the long term. Any benefit from manure based fertilizers to growers is very limited and short term. This is one of the main motivations for an ever larger number of farmers changing to completely organic farming methods. Fortunately, there is now great support from consumers who are willing pay a premium for organic products. This shift is netting the farmer

about 30-40% more cash for organic crops, according to the vegetable farm manager from Zhong Xian, Chong Qing City (重慶市忠縣). The problem for the farmer has always been how to go organic, and at what cost.

HOW DO WE SOLVE THESE POLLUTION PROBLEMS

The main problem with nitrogen and nitrates is that they are 'free' molecules, meaning they do not bond very easily or at all with other molecules. For this reason, about 78% of the air we breathe is nitrogen. When manure based fertilizers are used by a grower, they all release most of the nitrogen into the air and water very quickly, especially when the grower applies water or when it rains. The nitrates escape into the air or flow right past the plant's root system into the ground water, resulting in pollution, and not much nitrogen being available for use by the plant.

The inherent instability of nitrogen and nitrates forces growers to learn by trial-and-error to find the correct amount of manure based or petrochemical based fertilizer to use. If not enough, the crop sees no benefit. If too much is used, the crop grows quickly at first, then turns yellow and dies! This result is called "burning" because too much nitrogen turns it yellow, then brown and ready for the fire (burning). With these problems for the growers, it is easy to understand why demand for farm manure is so weak. The G.D. Dairy, and almost all other such operations, end up creating large stockpiles of dried manure, further adding to their pollution problems with escaping phosphorus, nitrogen and nitrates from very large piles of unsalable dried manure. These huge piles have not escaped government notice or concern.

All the problems with dried manure based fertilizers are, of course, well known by farmers. As a result, suppliers of dried manure, like G.D. Dairy, face a decreasing customer base. There are a large number of corporate and large produce farms in this area, but they will not use this type of product. Suppliers like G.D. try to sell to the small village or even individual farmers in relatively small quantities. We find that this is typical worldwide.

While our proposed China Company's main focus will be on producing premium fertilizer, we do see great opportunities to help animal farms, and profit handsomely from it in a number of significant ways. We can solve these various farms' pollution problems to allow for more cows, chickens, pigs, etc. on-site because:

1. Our technology can remediate the nitrates and all the other pollutants, the major barrier to permitting more animals. We do this by either digesting these contaminated molecules or by 'fixing' or bonding the molecules in another form. The result is no pollutants. Our technology is equally effective for 1,000 cows or 100,000. This could be a very profitable service for entire regions that we can easily offer.

2. As part of our pollution remediation service agreement with animal farms, we could obtain and convert these farms' wastes into our high value fertilizer. As these wastes would already be partly treated, and a fee paid to our company for that service, our fertilizer production costs would be lowered also, making the sales of our fertilizer even more profitable. We would also lock out competitors from obtaining manures.

3. We can provide samples of our fertilizer, and pollution remediation from various sites to the Department of Agriculture, and others, for their inspection and testing to verify our claims. This would establish our technology as **the best and only** on-site, in-place pollution solution and quickly open more opportunities to expand our business.

4. We can be paid to take all these farms' considerable stockpile of stored manure, process it in planting seasons quickly and sell it for a very nice profit. In one meeting with the CEO, he offered us 100 BMB to take it and we feel that with negotiating, we could get more.

PRODUCTION COSTS AND SELLING PRICES

We obtained a breakdown of G.D. Dairy Farm's current costs to produce their "compost" and the total is 330 RMB/MT. They have tried to sell it for 650 RMB/MT with little success. They actually try to sell it for whatever they can get, with 650 RMB/MT simply an asking price. The point is that most all of their compost goes into their stockpile, much to the concern of the Agriculture Department. G.D. Dairy Farm's CEO offer to us for 100 RMB to take it is a very good indication of the depth of their problems with their stockpiles.

We have found local prices for fertilizer to be about 160 RMB/MT for raw dried chicken manure contaminated with rice hulls, to 2,400 RMB/MT for a premium blended and fortified fertilizer with some real benefit. Petrochemical custom blends offer a bit more benefit, but cost 3,300 RMB or more. Nu-Soil Organic Fertilizer offers more benefits and results than anything else in the world, thus, our eventual price potential seems very good indeed.

SAMPLE NU-SOIL FERTILIZER PRODUCTION

Our team was originally met at one of the farm's sites by the President, General Manager, and the Farm Manager as our presence there was arranged by the CEO, Mr. Bei. Naturally, they wanted to know more about why our team was there and what we wanted. Our team explained that they were there only to try and help them in any way we could. This approached seemed to be very well received, and eventually won a good deal of cooperation from the Farm Manager, Mr. Zhang.

This location is where they do a lot of "composting" of their waste manure and we were able to gather all the materials needed to process and make Nu-Soil on site. The dairy's normal process is only concerned with getting rid of their waste. They are not familiar with C/N ratio, nutrient content, etc. We were able, over time and multiple visits, to gain all the information of what they use, their costs, and what they sell their 'compost' for, as well as how they sell it and to whom.

Our team computed the ideal C/N ratio based upon the materials found locally, using the lowest cost items. We then produced a minimum of one MT of Nu-Soil Organic Fertilizer. On average, our team returned every 4 days to turn and treat our sample Nu-Soil. The foreman, Mr. Sun, has

an extensive background in farming, having been raised in a farming family and working as a farmer many years before coming to the dairy. After just 19 days into our 30 day process, he could already tell that our technology was doing something very different and MUCH better than anything he has seen before. He determined this because: 1) the sample batch was not losing moisture very quickly, 2) there was no odor, but lots of heat, 3) the color of our batch was much darker, and 4) the materials were breaking down in a different and faster way. The photos below show some of these details and our process.

Only 4 days after starting, the photo on the left shows the total size of the sample and the right photo shows the heat generated, the color, and large, course size of the raw materials we used. Early in processing, a significant amount of heat is generated and visible at this first turning of our sample. After turning, it is left to process another 3-4 days before we return to repeat this step. Waste conversion into finished, pollution free Nu-Soil is completed in 30 days total time.

At 3 weeks into processing, the color, moisture retention, and fine texture of the sample can be more clearly seen. Note the dark color and not nearly as much heat being generated toward the end of processing. The darkness indicates both completion of the conversion and high moisture retention. At the end of the 4th week, the finished Nu-Soil particle size is very fine and moist.

IMPORTANT INFORMATION LEARNED

Early on, the Farm Manager and the Foreman could tell our technology was a far superior method, which created a superior fertilizer. The photo at right shows our sample Nu-Soil bagged and ready for a difficult off season field growing test. Toward the end of the processing, these managers could even determine for themselves that our fertilizer would not burn the crops, and would produce superior crops! They were able to deduce this by examining the few larger chunks of our Nu-Soil that were still remaining without being totally broken down in size. They noticed the internal color was dark, and not the normal yellowish color. This indicated to them that the nitrogen had been changed or fixed. Normally, a yellowish color would indicate too much nitrogen, and thus, a real risk of burning the crops. They were very surprised by the dark color.

Bottom line, farmers know what they are looking at, and cannot be fooled. For our test, the farm manager used some of the finished Nu-Soil on sample crops, even though it was in the cold of winter and not the planting season. No one plants at this time of year because nothing will grow. He obtained surprising results! He will also be excited to share them with interested parties, at our invitation of course.

In many visits, our team learned the ‘formula’ or ratio of how they mix their wastes and it is about the same for all the area diaries. Therefore, our team was able to compute and verify the accuracy of the total materials cost they had given us. Of the most interest to us is what they are paying for the bacteria they are currently using. According to the plant manager, Mr. Zhang, each fully grown dairy cow at G.D. Dairy Farm produces about 25 Kg of solid waste per day (typical for cows). That means their composting volume is about 100 MT/day, and they spend 3200 RMB/day (32 RMB/MT) or 100,000 RMB/month for bacteria they readily admit has no effect or benefit at all in their composting processing or to their compost’s benefits or quality. Our team also learned that they are paying 400 RMB/MT for the rice powder, 160 RMB/MT for the dried chicken manure with rice hulls, really used mostly for the purpose of further drying their waste manure enough to be sold. Their total costs to produce a MT of their "composted" fertilizer is about 200 RMB/MT for all materials (including the bulk value of the dairy manure) and another 130 RMB/MT for labor, overhead and administration, for their total cost of 330 RMB/MT. Note that their labor costs were not very efficient. The farm is paying full time employees for a part-time composting operation. At best, their composting requires 3-4 hours per day.

The Farm Manager handles all compost sales. He said that they used to sell to anyone, including distributors, however they ended that practice when they were sued by a distributor for having too high a moisture content. Regulations and licensing requirements for fertilizer are established by each province or county. In this one, moisture content is limited to 20%, EXCEPT for direct sales. Also, direct sales do not require a government issued sales license. Our policy is to do only direct sales because we must be able to control the handling, application and pricing of our product. As it turns out, county policy works well to our advantage and makes our compliance to regulations simple.

Our team was told that most of the compost they make was sold directly to local growers for whatever he could get. Usually, the manager said he averaged about 450 RMB/MT and added that he averages 15-18% net profit. From the numbers given for costs, this seems right. Note that Mr. Bei, the CEO, had mentioned a 650 RMB/MT sales price in a meeting. However, in May 2011, the farm manager had sold all they had on hand to a wealthy businessman who took everything at one time for about the same 450 price. It was all being bagged and resold by the businessman. However, the businessman was supposed to take all the compost they make for a year, according to their agreement, but has not responded to messages to come back for more. Thus, they are currently stockpiling a lot of unsold dried manure once again.

The businessman learned about this business the hard way. It does not matter if dried manure is sold in bulk or in a bag; it still has no real benefits to any grower. Most likely, he did not get very many reorders for his bagged product, and thus, had no interest in buying more from the dairy. He simply was not making any money. No other scenario makes much sense.

We also learned that, for local delivery, they are paying truckers 50 RMB/MT to haul within a 50 KM radius. This is a much better rate than we had anticipated. This rate is about 40% higher than in the US, so it seems credible. This delivery cost is paid by the dairy, making their net sales price about 400 RMB. At a net profit of 15-18%, their stated total compost cost is in line with the 330 RMB they told us at an earlier time.

The obvious reason animal manure sellers cannot generate much profit is really quite simple. ***They cannot offer anything of value to a grower.*** With no benefits, there is no reason for growers to continue using this type of product. Thus, it remains difficult to sell on any basis except lowest price. We will offer Nu-Soil, a vastly superior fertilizer that allows farmers to double their yields, and make more than twice their income (counting the premium price they get for higher quality produce). What a different business model!

CONCLUSIONS

Our new China Company will be able to produce our radically superior product while producing for slightly less cost (10%) than dried manure! However, it has been offered to us for free and for 100 RMB to take it. But, it is very likely we can do even better if we offer our pollution remediation service on an agreement tied to these existing animal farm composting sites. We should be paid a monthly service fee to eliminate their pollution, allowing these animal farms to be approved for more animals on-site. This greatly improves their profit structure. As part of our contract, we receive all the waste manure at no cost. Note that our service fee from

remediation will amount to more than 100 RMB per MT that was previously offered to take it! Therefore, we have very good reason the believe we can: 1) easily obtain pollution remediation contracts so the various animal farms can greatly increase their profitability, 2) offer an exclusive service (there is no other affordable technology available to remediate), so we can easily tie our service agreement with obtaining all the farm's wastes, locking out all possible competitors, 3) obtain local sites for no cost as we tie our service to converting the animal farm wastes at their existing facilities (as they all have installed by current law), 4) we save a huge amount of time and money by not needing to acquire local land, permits, licenses or approvals, and 5) we can produce our finished Nu-Soil Organic Fertilizer for less than our cost as shown in our Business Plan analysis!

The impact of these opportunities upon our already highly profitable fertilizer business will be very sizeable! We trust we have shown that our figures and analysis as used in our Business Plan are indeed conservative, based upon the data and information we have gathered personally. We again make the offer to introduce serious parties to our contacts, see results for themselves and examine the facts we have gathered to better understand our proposal and verify the opportunities we are offering. In addition, this year (2012), we have conducted further production and field trials outside of Shanghai to gather more data and field test results, which has served to confirm our previous data, estimates and forecasts.

Knowledge alone does not make for good decision making, but understanding certainly does! We trust we have provided both knowledge and understanding.

Thank you again for your interest.

Jye Sen Lee, China Representative, Organic Bio Solutions, Inc.
Contact Info.: jason@organicbiosolutions.com
Cell Phone Number (Shanghai) 13918139959

Stephen Rogers, Director of International Sales, Organic Bio Solutions, Inc.
Contact Info.: steve@organicbiosolutions.com