

BPP USA, LLC a WHOLLY-OWNED SUBSIDIARY OF BIOMASS PRODUCTS, LLC dba BIOPRO POWER[®] aka “BPP”-
Rev. 05.16.20

The Technology – The US Department of Energy has estimated that there could be over 100,000,000 dry tons of corn stover available for use as an energy source in the US. There have been many attempts in the past using corn stover as boiler fuel for heat and power. However, the high alkali content of corn stover has limited its use as fuel, except in the smallest of amounts, by causing the slagging of boiler tubes and walls, resulting in high boiler maintenance and down time. BPP is about to change this with a breakthrough technology; a combustion “recipe” for corn stover that will stop the slagging of boiler tubes and walls. This can release this major resource for recovery as a fuel source. BPP’s corn stover combustion process has been verified by a nationally recognized independent pilot-scale testing facility and vetted by industry experts. BPP has been granted 38 patent claims in the USA and in China.

Feedstock Logistics – BPP has done extensive research on collection, baling, and logistics equipment; and has also selected feedstock preparation equipment that delivers corn stover in the quantity, size, and consistent feed rate that is critical to deploying BPP’s patented combustion recipe for efficient operations.

Recent History – In the past, natural gas fracking resulting in low natural gas and electricity prices made commercialization of the technology difficult in the US; therefore, BPP focused on entering the China market where central government incentives support the sector through increased feed-in tariffs and off take prices (discussed below). Recently, the US corn-based ethanol industry indicated interest in BPP’s technology and the economics of supplying steam and electricity to corn based ethanol plants. This has resulted in the company launching “BPP Energy Islands” (BEI’s) for this market. **See detail on www.biopro-power.com**

Market – BPP’s target market in the US for the BEI concept are the 232 projects that produce fuel grade ethanol from corn grain. Most plants are in the Midwest and corn farmers are in many cases the primary owners of these ethanol production facilities. It has been proven that managing the residue left after the grain harvest, i.e. corn stover, provides significant economic and environmental benefits to the corn farmer and to the ethanol facility, thereby providing benefits to the farmer owners both at the facility *and* the farm. Partial removal of corn stover from the fields has shown to be beneficial for crop yields, resulting in additional incentive for farmer participation. However, by far the number one benefit to a BEI is the dollars spent on natural gas that leave the community will now remain with the local farmers providing millions of dollars of annual benefit to the area surrounding the ethanol plant.

Project Structure – To comply with PURPA (the Public Utility Regulatory Policies Act of 1978) and FERC (Federal Energy Regulatory Commission) as a QF (Qualifying Facility) and supply power and steam to a fuel ethanol facility, will require common ownership with the ethanol producer. Equity will be sourced from local corn farmers who through a cash investment will obtain rights to provide corn stover harvested by BPP each year. The same local farmers that most likely own the ethanol facility. The farmer producers through the benefits described above are expected to have a pay back of their investment in 3-5 years. It is estimated that the debt to equity ratio will be **35|65** and the debt will be raised through traditional project finance. There is significant project depreciation available that can be monetized to raise equity in lieu of the farmer model.

Projected Project Revenues – BPP plans to target ethanol facilities with production in the 100-120 million gallons per year range. At this size, total plant hard costs are estimated to be **\$68** million along with soft costs through commissioning and start up for total project cost of **\$83** million. Structured long-term debt is projected to be **\$33.2** million. BPP will have several revenue streams; primarily, steam and electricity sales plus license and facility management fees. In addition, testing of the ash after the combustion of the corn stover indicates it will have value as a fertilizer. Comparable fertilizer products sell for as much as \$150-175/ton and BPP has assigned a pro forma value of \$75/ton to the ash. BPP is currently locating an outlet for the ash, which could be the local farming community. Annual revenues from the above sources are projected at **\$22.3** million. BPP anticipates additional revenue and profit from a separate entity BPP Fuel Supply, LLC that will manage the fuel procurement operation. Total free cash flow from all operations including BPP Fuel Supply is projected to be **\$6.0** million.

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Market – Rising affluence and better living conditions in China are bringing more focus and activism to addressing environmental issues, including air pollution. A portion of that air pollution results from the practice of burning corn stover and other biomass in the fields, which has been illegal for some time, but is now being strictly enforced. The Chinese government recognizes that agricultural biomass such as corn stover, wheat straw and rice straw is a significant renewable fuel source. The government has incentivized biomass based electric power production by offering a significantly higher purchase price and increased off take amounts with a standard offer Power Purchase Agreement (PPA) with a price of \$0.112 (US) per kWh. In addition, Chinese government policy requires local electric power companies to purchase 100% of the power generated by qualifying biomass projects. This has created a significant opening for project development; but local Chinese developers are exploiting the market for greenfield projects at a pace that BPP has difficulty matching. However, there are scores of underperforming assets in the biomass space, projects that are already certified as qualifying biomass to energy plant, that could benefit from both a retrofit of BPP’s technology to improve boiler performance and their logistics business as described below. This is a market that is being largely ignored but enjoys the same favorable off-take pricing as new projects. This is a void BPP Asia is aggressively attacking and planning to fill.

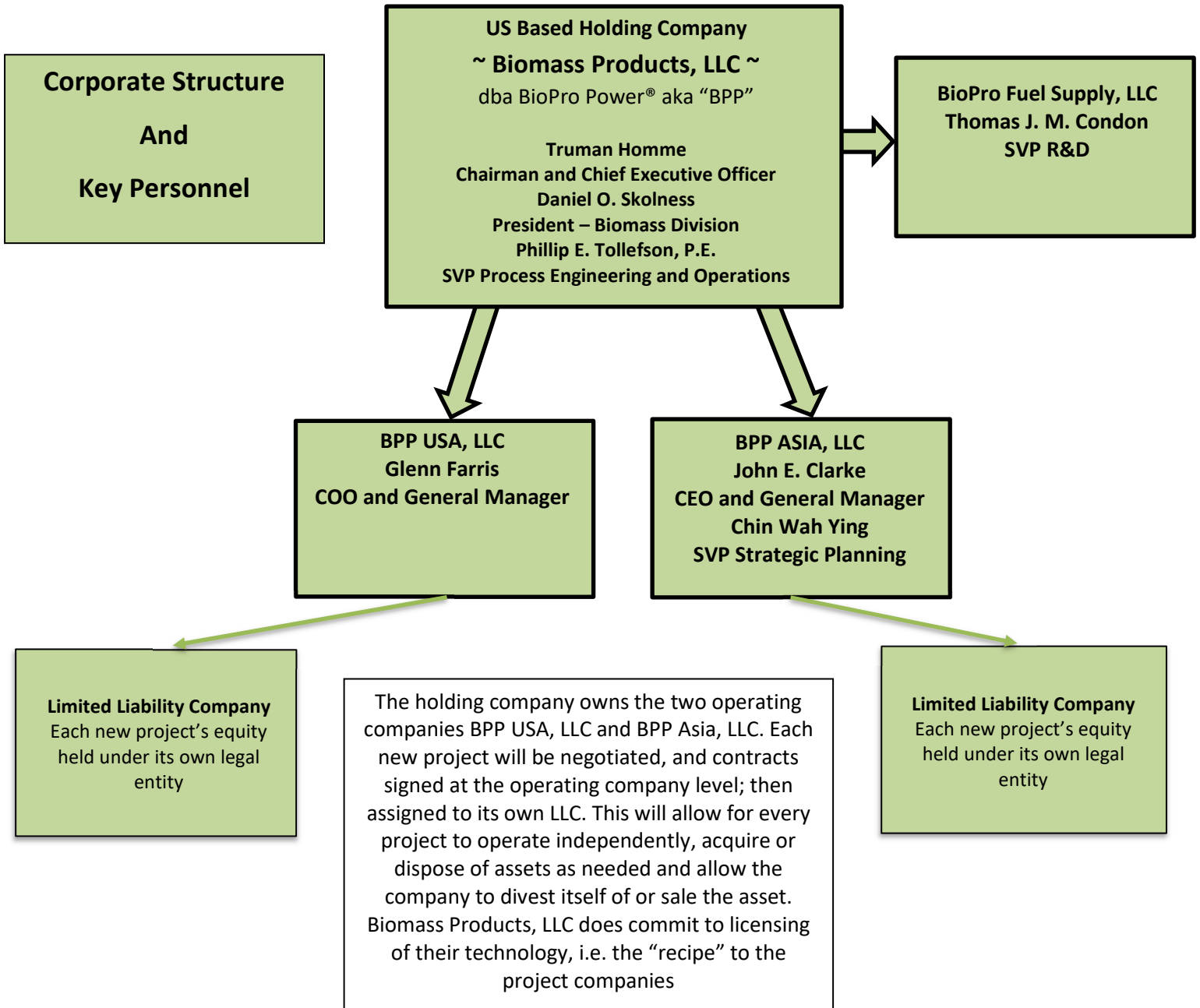
Additionally, while there are substantial corn stover resources in China, the supply of clean baled material is limited and is depressing the total amount of corn stover being used. This has created operating and maintenance issues for existing facilities and for future project development. The industry has experienced the same problem with slagging and glassing of boiler tubes and walls created by using large quantities of corn stover as feedstock thereby compounding operating and maintenance problems. To combat the lack of controls to reduce the dirt and ash content of corn stover bales, the government provides subsidies resulting in creation of businesses that clean and prep the corn stover prior to delivery to the project. However, boiler operators must still limit the use of corn stover due to the slagging and glassing of boiler tubes.

Specific Opportunities – All of the above has created a dual opportunity for BPP Asia. First, is the implementation of BPP’s feedstock logistics that will better control the ash and dirt content in corn stover bales and deliver quality material to existing projects. Second, is the employment of BPP’s corn stover recipe for combustion technology which will eliminate the slagging and glassing in existing projects as described above. The BPP Asia team has held discussions with Chinese development companies about using BPP’s logistics methodologies, which leads to a cleaner bale being produced and allowing fuel preparatory work to be done at the plant site. It is unknown at the present time whether BPP Asia can qualify for the government subsidies dedicated to fuel preparation. BPP Asia has signed 3 Memorandums of Understanding (MOU’s) to provide fuel supplies on an annual basis. During BPP’s market due diligence, BPP Asia has identified 3 suitable projects for retrofit with BPP’s technology. The projects are 30 MW gross nameplate capacity and are in the large corn producing provinces of Heilongjiang and Inner Mongolia. Indications are the projects will continue receiving the favorable electric tariff treatment even after retrofit as long as the equipment name plate capacity remains unchanged. Over the last several years, developers in China have built at least 30 biomass plants that are experiencing difficulties as described above. This should provide BPP Asia with many opportunities like the 3 already identified. All signs indicate China will continue to support biomass renewable energy and BPP Asia will continue pursuing the opportunities over the next several years.

Project Structure – In its original study of the Chinese market, BPP discovered through its research that building projects in China costs approximately 50% of the cost of building in the US. There is also an additional benefit to retrofit projects; the cost of entry is significantly less than greenfield projects. It is assumed that the debt to equity ratio would be 60/40 with a 25-year term at 6.75%. BPP estimates it will acquire a 50% equity stake in each retrofit project.

Projected Project Revenue – The financial structure would be as follows: project acquisition cost, US \$15 million; plant upgrades to combustion system and feedstock preparation, contingencies, soft costs total US 10 million; total investment US \$25 million. Based on the above debt structure and operating assumptions the first-year cash flow before debt service for the project is projected to be US \$6 million.

Changing Focus from China to Asia - Due to “conditions” in China, BioPro Power will be considering other options in Asia; and, as Asia funding is secured, we will focus on Southeast Asian agribusiness markets for development of BPP projects.



Key Personnel

Biomass Products, LLC

Truman K. Homme – Holding Co. Board Chairman & Chief Executive Officer

Mr. Homme is the founder of Biomass Products, LLC. He has worked extensively in the corn stover development industry for the past 27 years. Through his efforts, multiple uses for corn stover have been identified and developed. Homme was born and raised on a Minnesota farm where his father owned a registered and certified seed business. Education and work experience include studies at Luther College; four years of mechanical construction; 10 years at 1st National Bank (now US Bank) in operations, agriculture and real estate lending; four years as a federal grants administrator & fiscal manager; 13 years: real estate sales and commercial development (5 years GM/50% partner, Coldwell Banker franchise).

Daniel O. Skolness – President Biomass Division

Expertise: Large Scale Farming, Ag Business & BioFuels Development. Business & Farming Experience: Owner Dan Skolness, Inc., 1972 to date, a corn, grain and sugar beet farming operation (peaked at 12,000 acres 1995-2000) in Clay County, Minnesota; a shareholder of Golden Growers High Fructose Corn Syrup Co-op, Wahpeton, ND and American Crystal Sugar Co-op, Moorhead, MN. Director (1993-2000) and Board Chairman (97-99) of High Plains Corporation, (HIPC - NASDAQ). Built in 1984 - A publicly traded ethanol, distiller's grain and carbon dioxide producer based in Wichita, KS. HIPC was sold to Abengoa S.A. of Seville, Spain in 2002 for \$115,000,000.00. Founding Director and V. Chairman of Gold Energy, LLC May 2005-Nov 2007 a 100 MMgy startup ethanol (Fagen/ICM) plant and was sold to U S BioEnergy in March 2006. Board Chairman of US Bio Hankinson. This company was sold to Verasun Energy in Nov 2007. The Verasun Hankinson plant came online in August of 2008. Has had an agri-business relationship with Truman Homme for over 18 years. Education: University of Minnesota, Crookston – Agricultural Aviation; North Dakota State University – Bachelor of Science.

Philip E. Tollefson, P.E. – Sr. Vice President: Process Engineering & Operations

Mr. Tollefson is a registered professional engineer with 38 years of experience in electrical power generation, biomass combustion, and pulp and paper engineering. He has built electrical energy facilities using wood chips and wood waste as the fuel source. He began his engineering career in design engineering and construction supervision for Pacific Power and Light. Later, at both Harris Group and Jacobs Engineering, Tollefson engineered major projects from the greenfield stage to full operation. Tollefson has a B. S. degree in mechanical engineering, from Portland State University and a B. A. degree in biology at Dickenson State University. Mr. Tollefson has been a consultant to the Company for twelve (12) years.

BPP USA, LLC

Glenn Farris – Chief Operating Officer and General Manager

S. Glenn Farris recently joined BioPro Power (BPP) to provide support for the BPP Energy Island for Ethanol Plants concept, focused primarily on ethanol plant development in the US. Farris's experiences align very well with BPP's business trajectory. He has spent over 25 years in project development as well as roles developing, advising and commercializing new technology all in the biomass energy field. He was the project manager for a high-profile gasification project in Vermont, which was a public-private partnership with the US Department of Energy. The project won an R&D 100 Award. Farris's work in the field earned his acclaim as one of the five most influential people in renewable energy in North America. Most recently, Glenn served as part of AGCO Corporation's Strategic Marketing Group. Glenn's major roles included development and perfection of methodologies in the biomass supply chain, using both agricultural waste products and purpose-grown crops as feedstock for conversion into fuels and chemicals. In this role, Glenn managed operations to bail over 1,000,000 bales of cellulosic feedstocks including corn stover, miscanthus, wheat straw, switchgrass and sorghum. He has a BA from the University of Alabama. Glenn currently serves as an industry advisor on the USDOE's Feedstock Supply and Logistics program as well as the Feedstock Conversion Interface Consortium.

BioPro Fuel Supply, LLC

Thomas J. M. Condon – Sr. Vice President, R&D & BioPro Fuel Supply, LLC

Mr. Condon has been involved in the design, construction, and management of commercial grain handling and processing facilities for the past 35 years. He has designed facilities for grain handling and other agricultural products, including one in Saudi Arabia. His expertise extends into rail and trucking logistical management for the movement of agricultural products. Tom is a partner in Condon Farms, a large-scale farming operation which specializes in growing corn, soybeans and sugar beets. He is a past President of the Minneapolis Commodities Corporation and has served as a board member for the Clara City State Bank. In 1994, Mr. Condon was named by Governor Arne Carlson as a leading business person in the state of Minnesota. He has been associated with Truman Homme in agri-business relationships for over 20 years.

BPP ASIA, LLC

John E. Clarke – Chief Executive Officer and General Manager

BPP's Asia division is led by John Clarke, who has 21 years of experience working within China's culture and business environment. In addition to consulting with BPP on their China business effort, he also represents the Iowa Economic Development Authority for their China trade program, which includes arranging for and managing trade mission delegations for Iowa companies and government officials traveling to China and in helping host inbound delegations from China. The focus of the program is to increase exports from the state through arranging business-to-business and government-to-government meetings. Prior to that, Clarke was China Country Manager, and CEO of Peak Pacific Investment Company for Alliant Energy, a Midwest US public utility, which had invested in 10 power plants in China. Clarke was responsible for the financial and operational performance of 10 power plant investments in China totaling US\$200 million and with over US\$100 million in annual revenue. During his China experience, John was directly involved in the entire life cycle of Alliant Energy's China investment program from investment to management and full divestiture of the development company and power plant assets. Clarke is currently consulting with BPP and allocating 25% of his time for the company's China market entry design and execution. More information at his *LinkedIn profile*, as follows:

https://www.linkedin.com/in/john-clarke-06a2166?trk=nav_responsive_tab_profile

Chin Wah Ying – Senior Vice President, Strategic Planning

Chin Wah Ying is skilled in managing global business and has three decades of leadership experience. As he rose through the ranks in Bobcat Company, Chin grew international markets, achieving No. 1 spots in the regions of Asia Pacific and Latin America. When Bobcat was acquired by Ingersoll-Rand Company and later by Doosan Infracore, he restructured complex operations and strategically integrated disparate pieces of the company. He retired in 2012 after 35 years in the business. Chin is now an independent consultant/corporate advisor to Biomass Products, LLC (the Holding Company) and other global companies in light of his vast experience, connections and ability to bridge cultural differences. Chin graduated with distinction (MBA) from the renowned Thunderbird School of Global Management (Arizona) in 1977.