

BUSINESS PLAN

FOR

PURO WATER LTD.

*Production of Bottled Clean Water
Employing Advanced Water Purification Technology
for Sale into Thirsty Southern Africa Markets*

Statement

Information details in this document are provided as samples for marketing purposes. Names, facts, dates, addresses, locations, telephone numbers and more, are fabrications.

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This business plan has been constructed in order to inform potentially interested parties of the opportunities presently available through an investment in the production and distribution of drinking water products in Luanda, Angola and will explore the principal plans to pursue this opportunity. This document does not constitute an offer to sell, or a solicitation of an offer to purchase.

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EXECUTIVE SUMMARY

This Business Plan is designed for lending institutions and investors who will want to participate in a profitable venture in the African nation of Angola. In doing so, they will help decrease the high level of mortality and disease spread within this country's general population, all because of the very poor quality of water now being delivered.

"Angola's worst cholera outbreak started here in February and spread quickly to other parts of the country. It was largely due to overcrowding, a shortage of clean water and poor sanitation."

"Earlier this year, between 500 and 700 new cases were reported daily in Luanda."

(see www.unicef.org/infobycountry/angola_34327.html)

Puro Water Ltd. (or simply "PWL") will generate revenue through its production and delivery of purified, bottled drinking water. The company's initial operations, earmarked for the capital city of Luanda (population of over 5 million), will steadily ramp up its pure water production capacity to approximately 780,000 bottles per month of 1.5 liter, 780,000 bottles per month of 500 ml, and 100,000 bottles per month of 5-gallon (18.9 liters) product lines. From the start, PWL will also sell water coolers to a growing customer base. Over time, the company will expand its production capacity to serve a growing customer base across all of Angola, and beyond. The company will in time also begin adding other lines of other beverage products.

The firm's production plant will employ the latest in water purification technology, using Luanda's own municipal water as its feedstock. Final product will then be delivered to customers throughout the city to residents, hospitals, hotels, restaurants, retail stores, institutions, businesses, and government agencies. Delivery will be carried out using the firm's own dedicated fleet of trucks.

The lead proponent to this venture, Mr. Philippe Rivier, a civil engineer by training and a native Angolan, has experience promoting bottled water in Angola. Philippe brings 15 years of bottled water management experience from Culligan, one of the largest bottled water producers in North America and Europe.

In total, the sum of \$10 million (U.S. dollars) is required at this time to launch this venture. This level of funding will permit the acquisition of all equipment, facilities and related infrastructure, and will provide the necessary start-up working capital. Development of the production facility and recruitment of all staff can be undertaken within a year. Once operational, the projected revenue and profit generation will be very impressive, and will permit the undertaking of future expansions.

The proposed financing scenario suggests that a standard debt instrument of \$10 million be raised, and that this sum would be fully repaid, with interest, over the course of the plant's initial five years of operations. Highlights of the projection are shown here.

PURO WATER LTD.						
HIGHLIGHTS OF 5 YEAR PROJECTION						
DEBT FINANCING SCENARIO						
	at startup	YEAR 1	YEAR 2	YEAR 3	YEAR 4	YEAR 5
TOTAL REVENUE:	\$0	\$18,268,200	\$20,003,500	\$22,119,300	\$24,525,100	\$27,117,300
TOTAL DIRECT COSTS:	\$0	\$9,169,600	\$9,825,100	\$10,749,000	\$12,031,800	\$12,940,200
TOTAL GENERAL EXPENSES:	\$0	\$2,654,400	\$2,675,600	\$2,697,600	\$2,720,100	\$2,743,300
GROSS INCOME	\$0	\$6,444,200	\$7,502,800	\$8,672,700	\$9,773,200	\$11,433,800
OPENING CASH	\$100	\$100	\$4,058,600	\$8,660,700	\$14,140,200	\$20,445,100
NET CASH ON ESTABLISHMENT	\$250,000	(\$1,750,000)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)	(\$2,000,000)
NET CASH ON OPERATIONS	\$0	\$9,098,600	\$10,178,400	\$11,370,300	\$12,493,300	\$14,177,100
NET CASH ON GENERAL EXPENSES	\$0	(\$3,290,100)	(\$3,576,300)	(\$3,890,800)	(\$4,188,400)	(\$4,626,800)
CASH POSITION AT END OF PERIOD	\$250,100	\$4,058,600	\$8,660,700	\$14,140,200	\$20,445,100	\$27,995,400
TOTAL ASSETS	\$10,000,100	\$12,833,000	\$16,460,100	\$20,964,600	\$26,294,500	\$32,869,800
TOTAL LIABILITIES	\$10,000,000	\$8,000,000	\$6,000,000	\$4,000,000	\$2,000,000	\$0
TOTAL EQUITY	\$100	\$4,833,000	\$10,460,100	\$16,964,600	\$24,294,500	\$32,869,800

ANGOLA NEEDS CLEAN WATER

COUNTRY OVERVIEW

The Republic of Angola has a population of 15.5 million people who live in an area of just over 1.2 million Km². The capital is Luanda with an estimated population of 5 million. Angola is located on the western coast of South Africa with Namibia to the south, Zambia to the east, the Democratic Republic of Congo to the north and northeast, and the Atlantic Ocean to the west. The Congo and the Democratic Republic of the Congo enclose the separated province of Cabinda.



As with many parts of Africa, this country has experienced its own share of internal wars and political upheavals over the decades. Fortunately, over the past several years, the different factions have maintained a peace accord, and the country is now on the road to social and economic renewal.

Angola is the largest sub-Saharan oil producer in Africa after Nigeria. The country's crude production has climbed to around 1.4 million barrels a day but is expected to reach 2 million barrels a day by April 2007. About half of the country's gross domestic product, as well as 90 percent of its exports are related to this oil production. As well as oil, Angola produces almost \$1 billion USD worth of diamonds annually. Overall, Angola is still rated as a poor, developing nation. However, there is a robust, growing and competitive market now developing in the country, and increasing numbers of individuals and companies have money to spend.

CURRENT WATER SUPPLY; NOT VERY SAFE

In Angola, water supply and sanitation are poor almost everywhere. According to the UN, only 38% of the population as a whole, and just 15% of those living in rural areas, had access to safe water in 2000. Luanda is a large urban centre with a particularly unsafe water supply. Much of its population gets water from a huge fleet of water trucks that collect water from the Bengo and Kuanza rivers (not clean to begin with) and distribute their loads throughout the community without any prior treatment. Compounding the risk, often there are large garbage heaps near busy markets selling food. People buy and eat the food, without washing their hands or the food.

For instance, Cazenga is a busy district of Luanda that is home to nearly one million people.

Water is Vital

The average American uses about 190 liters of water each day. To function properly, the body requires between one and seven litres of water per day to avoid dehydration; the precise amount depends on the level of activity, temperature, humidity, and other factors.

The world is facing a water crisis as population expands and pollution increases. The World Health Organization estimates that more than 1 billion people lack access to safe drinking water, and that about 4000 children die every day from water borne diseases.

Many of those living there came hoping for safety and security during the civil war. When a cholera outbreak happened in February of 2006, panic and fear gripped the local community. More than 30 people died and more than 3000 cases of cholera were reported in this district alone. The community also experienced diarrhoeal diseases and malaria. Cholera can result when food or water contaminated with the bacterium *Vibrio cholerae*, is consumed. In this area, uncollected garbage packs long drainage ditches which in time fill with water because the trenches do not drain anywhere. In time the water hosts *Vibrio cholerae*. Children play and swim in the water; people dump, scavenge, and take water home from this source.

OPPORTUNITY TO PROVIDE A SAFE SOLUTION

People everywhere have begun to seriously associate water delivered by public utility as posing significant health and safety risks. The alternative, using bottled water, has instead seen its acceptance levels skyrocket. In fact, the bottled water industry is one of the fastest growing in the world. Even in North America, a continent with highly



developed societies blessed with vast geography and large bodies of fresh water, bottled water is a growth industry. For instance, last year the Canadian bottled water industry grew by 37 percent.

In Angola, there is a tremendous opportunity to introduce a new bottled water production and delivery model primarily because there are no other comparable delivery systems in place, or likely to appear anytime soon. Bottled water companies such as,

Agua de Bom Jesus, Agua viva, Coca Cola, or other small emerging companies are not capable to provide the quality of product and service the population requires. Clearly, a new venture with a keen knowledge of the marketplace, and involving a team of leading water purification experts, would have an opportunity to succeed.

Any provider of an effective, safe, bottled water solution for Angola that can do so independently (that is, without needing massive financial supports from the Angolan government) would immediately receive approval from the local government authorities (the proposed venture described in this document has been approved by the Angolan ministers council through ANIP, the National Agency for Private Investment). Initially proving itself in the greater Luanda marketplace, fairly soon there would be market acceptance across Angola's population at large, and soon thereafter into neighbouring countries such as Namibia, Democratic Republic of Congo, Congo Brazzaville, and Zambia. Indeed, such a business venture would have an opportunity to take advantage of the free trade arrangements within the SADC region.

Of course, a most important factor to bear in mind is that although there are a large number of firms throughout the western world who have significant experience in the water purification field, the "trick" is to bring together the right ones. For a venture of the scale being proposed in this document, that is, to consistently deliver large volumes of quality water to the population of Angola, it will be essential to only involve those entities who are properly positioned with the right mix of technology, personnel, equipment, and financial capacity,

COMMON WATER PURIFICATION TECHNOLOGES

Conventional purification methodologies can be summarized according to the below-identified categories. Note that each has certain advantages and disadvantages, and that solely relying on any one approach would not be as effective or efficient as a multiple (combined) methodology.

Purified water is water that has undergone carbon filtration, distillation, chemical treatment, reverse osmosis, ultraviolet sterilization, or some combination of these processes to make it safe for human consumption.

1) Carbon Filtration: The appeal of this method is its low cost, however, it only filters chlorine and improves taste, odor, bacteria and sediments, but does not eliminate pesticides, volatile organic chemicals, fluorides and some metals. These filters can also contribute microbiological contaminants to water by collecting organisms in the filter.

2) Chemical Treatment (e.g. city tap water): water is chemically treated mainly with chlorine and fluoride. As proven too often, the technology is not adequate for the needs of individual cities, and the expertise required to operate these systems properly is often inadequate.

3) Distilled Water: is boiled and steamed and is very effective for removing the largest number of chemical constituents, but distillation of water has a very high energy cost and is extremely time consuming. A large amount of electricity or natural gas is consumed to produce a small quantity of water each day. Water waste is high with this process. This water is tasteless and is called "dead water".

4) Reverse Osmosis (RO): uses several filters, which eliminates bacteria, sediment, bad taste and odor. R.O. devices are criticized for the limited amount of water they produce and the high water use to produce the finished product. Another concern is that their reservoir can be a breeding ground for pseudomonas bacteria (bacteria that grows well in low nutrient or ultra pure water which is produced by RO and water distillation systems). Also, all the minerals are removed.

5) UV Exposure: Effectively rids water of most bacteria and viruses. It does not kill giardia or cryptosporidia, nor does it remove chemicals, lead or asbestos. UV disinfections are less effective in water with iron or high turbidity, i.e. suspended particles causing cloudiness.

SAMPLE

PURO WATER; PRODUCTION, DELIVERY & SALE OF PURIFIED BOTTLED WATER IN ANGOLA

INTRODUCTION TO THE VENTURE

Puro Water Ltd. (or “PWL”) will be a new Angolan subsidiary company to the proponent’s firm, Canada Water Corporation. Upon development of a new, multi-million dollar production facility in Luanda, PWL’s mission will be to produce and deliver large quantities of purified bottled water to the citizens of Angola’s capital city.

Almost three decades of civil war devastated water systems across the country, leaving millions of people without clean, reliable municipal water supplies or basic sanitation. Presently, the quality of water still is very poor, and in fact using it is harmful to public health. Due to these rising health risk concerns, the residents of Angola increasingly turned to using bottled water. The Angolan consumption of this product has increased from 20.457 liters per person in 2000 to 363.68 liters per person just five years later.

Meanwhile, according to the Angolan secretary of energy and water, there is only a single mineral spring water manufacturing facility in the country, producing only one brand label. Accordingly, most of the country’s supply of bottled water has had to be imported. In 2005, sales of imported drinking water were \$787 million USD (source: March 2006 report released by Instituto Nacional de Consumidor). By the end of 2006, the total imported drinking water sales in Angola were projected to reach \$845 million USD. In fact, total sales of bottled water in Angola have increased by more than 65% from 2000.

Approximately 1 out of every 6 households currently consumes imported bottled water as a source of drinking water. In addition, only 1 % of the water being brought into a household is used for drinking; the rest is used for washing, bathing and for other purposes.

Very significantly, the inherent economics and logistical difficulties associated with transporting and distributing bottled water to the Angolan population at large from a foreign source inevitably leads to somewhat elevated pricing of product having to be charged. A new provider of quality product based within the country, one who can employ the necessary advanced technology to properly treat the local water supply, would have an immediate and major cost competitive advantage. This provider could maintain low, affordable pricing, be exceptionally profitable, and would very quickly capture a major share of the local marketplace.

Admittedly, distribution of product will be challenging due to the poor state of the area's basic infrastructure. However, PWL's plan will be to transport 18.9 liter bottles



within its own fleet of dedicated, maintained trucks that are specifically designed for, and sufficiently hardy to carry out the task. Supported by its own local marketing network, PWL's product will be delivered to residents, hospitals, hotels, restaurants, institutions,

businesses and government agencies in Luanda and in the outlying communities.

The introduction of PWL will produce an increased supply of healthy water and will result in a measurable reduction in diarrhea and child mortality rates and a

significantly lower rate of water borne infection throughout the general population. In addition, bringing clean water to thousands of people facilitates good sanitation and aids in the generation of positive communities.

Additionally, PWL will be an important economic boost to the local economy. A total workforce of about 50 individuals is projected; 12 persons will be involved throughout the production line and quality control, another 15 will provide delivery service, some 15 individuals will be involved in marketing and sales activities, and 7 persons will provide management and administration. Initially, PWL will operate a single 8-hour shift per day. Additional shifts will be added as production capacity warrants, and could be expanded to continuous 24-hour operation if warranted.

PURIFICATION METHODOLOGY

PWL will purify water from Luanda's municipal supply through the use of several water purification methodologies (see page 6) in combination. The principal steps will remove contaminants through filtering and reverse osmosis, producing water pure enough for human consumption and for industrial use. Substances removed during the process include parasites, bacteria, algae, viruses, fungi, VOCs, as well as a wide assortment of undesired minerals including aluminum, arsenic, barium, cadmium, chloride, chromium, copper, fluoride, magnesium, iron, lead, manganese, mercury, nitrate, selenium, silver, sulphate, zinc, and man-made chemical pollutants. Aside from its health benefits, the removal of many of these contaminants will improve the water's smell, taste, and appearance. Often small amounts of disinfectant are intentionally left in the water to reduce the risk of re-contamination in the bottling and distribution systems.

With reverse osmosis, PWL uses a membrane as a highly effective, extremely fine filter to create purified water from contaminated municipal water sources. The reverse osmosis process separates the water's ions due to the presence of charged particles within the membrane. This means that dissolved ions that carry a charge, such as salts, are more likely to be rejected. The larger the charge and the larger the particle, the more likely it will be rejected.

The overall purification processes to be employed by PWL will feature the following attributes:

- Progressively finer filters (including sand filters) to trap unwanted biologicals, particles and solids.
- Activated carbon filters to trap organic chemicals and chlorination, both before and following the RO processing.
- Water softeners.
- Assorted pumps, valves, pipes.
- Quality control analysis equipment.
- Ozone and ultraviolet disinfection systems to decontaminate and to prevent microbiological contamination.
- Clean storage facilities.

The plant equipment, software systems, and component installations will all be sourced directly from reputable American, Canadian, and European suppliers and engineering contractors. These are brand name, highly respected firms with longstanding involvement in the water purification and bottling sector. Moreover, these are all companies whose senior management is very well known to the lead proponent

behind this venture. In every case, the suppliers / contractors involved in this venture will be contractually bound to meet strict project time schedules and cost parameters.

PLANT & EQUIPMENT

The proposed production facility to be constructed in Luanda will encompass approximately 50,000 square feet, and will have a large exterior area for vehicle loading and parking. Within the plant, a number of workstation areas will feature the principal aspects of this venture; water purification, bottling, delivery, and quality control.

Water Purification

The predominant function of the plant, namely the purifying of Luanda's municipal water, will surprisingly not require too much physical space. All of the required components, pipes, cylinders, filters, etc. all fit together within an overall modular design that is compact and efficient. Operators working this area of the plant floor will monitor and adjust every internal operation from a control room to the side. The overall system will be highly automated, and will typically function without the need for regular or significant human interaction. While being advanced, the system nevertheless is simple to operate and maintain, and requires only modest levels of advance training.

Bottling

Taking up about two-thirds of the total plant area will be the various bottling operations. The joint venture partner associated with the proponent manufactures completely integrated modular water bottling machines for 5-gallon (18.9 liter) refillable bottles, as well as for the 1.5 liter and 500 ml water bottles.

Each product line will have its own designated equipment. For instance, the 5-gallon bottling line equipment includes the bottle washer, filler, capper and interconnecting conveyor system. The washing operation includes a pre-wash and four stages within the washer.

Empty bottles are loaded automatically (the company will accept empty bottles, clean them and refill them for reuse). After loading, the bottles move to the



successive wash, rinse, sanitization and final rinse stations. After washing, the bottles unload onto the filler. Fill times for 5-gallon bottles can be as low as 6-8 seconds. Capping happens next. The filling and capping operations are self-contained in a special clear enclosure with positive pressure air filtration. Filled and capped bottles travel from the filler and capper to the unload section of the conveyor system for convenient off-loading of full bottles onto waiting pallets, crates or racks.

The company's machinery configuration will be able to produce very large volumes. In terms of the 5-gallon output, the machinery can fill as many as 700 bottles of purified water per hour, or potentially as many as 6.1 million bottles per year (assuming continuous production throughout the day, for 365 days per year). As for the 1.5 liter and 500 ml product lines, the standard equipment design enables 5000 bottles of each to be filled every hour, amounting to over 40 million bottles per year. Note that this document's financial projections only assume that a fraction of this optimum output

level will be reached in its first year of activity, thereby leaving significant room for an expansion of the plant's operations.

Delivery

For all individual, commercial, industrial, government, and retail customers, delivery will be by specially designed beverage trucks (see photo on page 8). Initially, PWL will acquire and operate 6 Freightliner Business Class M2, workhorse trucks featuring aluminum cabs, great interior room, maneuverability and visibility. The sloped hood encloses a standard MBE900 engine and the truck features a custom-built beverage body and associated equipment. Over time, as the company's customer base and delivery requirements expand, additional trucks will be acquired.

PWL products will be produced and delivered primarily in three formats; 5-gallon (18.9 liter) bottles, 1.5 liter bottles packaged in cases of 12, and 500 ml bottles packaged in cases of 24. Whereas the PWL brand name will be known for its quality and high value, a reliable delivery regimen will ensure that it remains highly available.

Quality Control

PWL's operations will be dedicated to maintaining the highest standards of product excellence. This will be achieved through a rigorous quality control program. The goal will be to meet the requirements and needs of all customers, as well as to ensure that all of PWL's product is consistent, reliable, and above all else, safe.

The company's quality control team will monitor and audit every stage of production and delivery. A small laboratory to the side of the plant will regularly take and analyze samples, and the QC team will be tasked with the responsibility to identify any

deficiencies or inadequacies. Indeed, this department will be fully authorized to enforce whatever corrective measures may be necessary (including shutting down the plant) so as to maintain the company's reputation for excellence.

Although terms like 'quality control', 'quality engineering' and 'quality assurance' are relatively new and have been bandied about for quite some time, the reality is that when producing something as vital as safe water, these concepts are critical. For PWL, quality control and quality engineering are involved to develop systems to ensure products meet or exceed customer requirements. It includes a precise awareness of the quality of the feed stock and resource chemicals, machinery, input products such as containers, caps, labels and other components; services related to production; and management, production itself, delivery and inspection processes. A cross-functional approach is employed at each stage of the processing of water from raw stock to finished products delivered to customer locations.

PLANT LOCATION

The exact location of the proposed facility has not been chosen yet, however, the proponent behind this venture is a native of Luanda and is aware of several potential candidate sites. The initial development stage of the project (earmarked for the middle of 2007) will see the proponent travel to Angola specifically to select an exact site and to work up the detailed engineering drawings that will be required.

PLANT SETUP

Over a projected timeframe of 12-months (2007-08), a 3-phase process will be required to fully plan out, construct, and launch this venture. Whereas the project risk is

highest during phase I, the amount of required expenditure only becomes large by phase III. These three phases are described below.

Phase I: Site Engineering (months 1 to 3)

- Identify best plant site from several candidates.
- Develop full engineering specs for the plant

Phase II: Infrastructure Acquisition (months 4 to 6)

1. Place a deposit on the target land site.
2. Arrange for building construction / renovation.
3. Order all production equipment.
4. Recruit senior production personnel.

Phase III: Construction & Plant Set-up (months 7 to 12)

1. Construction / renovation of the plant
2. Production equipment received and assembled.
3. Delivery equipment received.
4. Marketing materials prepared and promotion begins.
5. All personnel are recruited.

FUTURE EXPANSION

Even if the firm chose to limit itself to production of 18.9 liter, 1.5 liter, and 500 ml containers of purified water, enormous expansion opportunities exist. For starters, just to adequately serve the vast need for bottled water across all of Angola, the plant would need to boost its output capacity at least threefold. Alternatively, entire new markets in neighbouring African nations could be developed. Production increases would be achieved by adding new equipment, and distribution of product would involve additional trucks and / or the use of shipping via Luanda's port facilities. (Note, for simplicity, this document adheres to very conservative projections, and assumes that during the initial 5-year period the company will focus solely on the greater Luanda marketplace).

At a later stage, once the business evolves into a larger scale of production, there are opportunities involving the bottling and selling of a variety of other beverage products that can be entertained. This might include fruit flavoured drinks sold under the PWL brand, or perhaps could see certain flavoured drinks bottled and distributed for other beverage companies not yet established in this region.

CORPORATE INFORMATION

COMPANY DESCRIPTION

Puro Water Ltd. will be a wholly owned Angolan subsidiary company of Canada Water Corporation (or simply “CWC”). CWC has been peripherally involved in the bottled water export business for the past several years, and now wishes to “go the extra step” by establishing a production and delivery capability directly within Angola. The President of CWC, Mr. Philippe Rivier, is a native Angolan, and as the lead proponent behind this venture, is firmly dedicated towards the improvement of the daily lives of his fellow countrymen. Of particular significance, due to his approach to Angolan government entities and reputable business groups, the undertaking of this project has been greatly facilitated (for example, he has local business affiliations with Isabel dos Santos, the Angolan President’s daughter).

As for the corporate structure of PWL, it is envisioned that it will be incorporated under the laws of the Republic of Angola. The company will authorize a set number of Class A, voting shares, the majority of which will initially be held by Canada Water Corporation. Mr. Rivier will be named as President and Director of PWL.

In the months ahead, as various participants to this venture step forward, it is envisioned that additional shareholders, officers and / or Directors to PWL may be named. Ideally, these future participants would have particular expertise or significant resources to offer.

MANAGEMENT

The following individuals comprise the management team and personnel envisioned for PWL's proposed production and delivery operations in Angola.

Philippe Rivier, President

Philippe Rivier is a civil engineer, and through his consulting activities in recent years has been associated with numerous parties involved in the bottled water export business. He is a member of CBWA (Canadian Bottled Water Association), as well as of IBWA (International Bottled Water Association). He is the founder of Canada Water Corporation, a company that has provided consulting services to members of the bottled water industry over the past several years, not only in North America, but also in countries such as, Venezuela, Panama and Ecuador.

Through his consulting activities, Mr. Rivier has gained a reputation and expertise in terms of bottled water production and delivery. His clientele includes a number of large corporations involved with the supply of quality water to NGOs, oil companies and governmental customers. This background uniquely positions him to now launch the proposed PWL venture in Angola. PWL is now widely recognized as a significant part of the solution to one of the country's most serious problems; an economical source of quality water that can limit the spread of water-borne illnesses.

As a first step to fulfilling PWL's mission, Mr. Rivier has held discussions over the past three years with leading firms (e.g. Culligan, one of the largest bottled water producers in North America and Europe) in the bottled water industry. Last year, he organized an export initiative, through Canada Water Corporation, sending a shipload of bottled water from Canada to Angola. Although this effort was modestly successful,

logistic challenges, governmental influences and insufficient profit margins led him to the conclusion that it would be more efficient to position the water purification and bottling processes directly within Luanda, Angola.

Over the past 5-years, Mr. Rivier has carried out extensive industry and market research to identify many of the issues that PWL must confront. For instance, Mr. Rivier recognizes that the average purchase price for a standard 5-gallon bottle of water delivered to the consumer in Angola is presently in the range of \$10.80 USD. Consequently, the target price PWL needs to put into effect is in the range of \$8.00 USD; this will ensure marketplace acceptance and will lead to a large market share. In his role of President, Philippe will oversee the company's setting of specific goals and objectives, and he will assume final responsibility towards devising strategies and setting in place policies to ensure that these objectives are met. Still, he recognizes that any manager needs the support of a strong team, and he intends to work in concert with the company's other executives.

Among his various duties, Mr. Rivier will meet frequently with subordinates to ensure that operations are conducted in accordance with company policies. He will ensure that PWL's various departments (production, distribution, quality control, marketing & sales, and administration) all function according to plan. Essentially, he will ultimately be accountable for the success or failure of the enterprise.

Naomi Cruncher, Chief Financial Officer

Naomi Cruncher holds a MBA degree, has held a post of Professor and was formerly Executive Manager of Treasury at the Bank of Montreal. As the CFO, *Naomi* will direct the organization's financial goals, objectives, and budgets. She will oversee

the investment of funds and manage associated risks, supervise cash management activities, and execute capital-raising strategies to support a firm's expansion.

Jeremy Bolt, Production Manager

Jeremy Bolt will serve as the company's Production Manager. He holds a B.Sc. in production engineering, and has held the position of Production Manager and water treatment specialist at Bailey Water Corp. for the past 12-years. Of particular significance, he will assume oversight responsibilities during the initial plant setup stage, ensuring that the various water purification components are assembled and tested properly. Once operational, he will manage all production staff training, and will establish quality control policies and procedures. Two other water expert engineers will be part of Jeremy's team to assure that the quality is unique, and also to monitor the water laboratory within the plant.

Oscar Dilas, Distribution Manager

Oscar Dilas will be PWL's Distribution Manager. He will manage the firm's trucking fleet operations, including the recruitment and training of all delivery personnel. Once operational, his job will be to ensure that delivery routes are properly planned and executed, and that product is distributed on time and cost-effectively.

Juan dos Amigo, Marketing Manager

Juan holds a B.Sc. in Business Administration from the University of New South Wales, and has been active in the Arts and Science field. He is very familiar with the

media and promotional venues of Angola. (Juan also happens to be a cousin to Angola's current Director of State Television).

Serving as the lead marketing and promotion strategist for the firm, he will develop and implement the appropriate advertising campaigns essential to establish and then build the Puro Water brand. His job will also include recruitment and training of all marketing and sales personnel, as well as ensuring that sales targets are being met. He will be joined by the two other marketing experts as well.

Cristina Abidos, Administration Manager

Cristina Abidos will serve as the company's Administration Manager, primarily managing the day-to-day affairs of the firm's Luanda office, including reception, secretarial, payroll, human resources, and other administrative tasks. She has got many years of experience in the administration and public relations field.

Carlos da Veijo, Legal Advisor

Dr. Veijo is one of the most prestigious lawyers and a University professor in Angola, will assist and take care on all company's legal matters.

STAFF CONSIDERATIONS

PWL will require a substantial workforce to adequately carry out the range of activities envisioned. Some of the highlights for these staff members are highlighted below.

Production Personnel

Some 24 persons in total will be required for this essential operation, consisting of 10 production line staff and a 5-member quality control crew. Preferably, the production staff members to be recruited should have some pertinent engineering and / or technical backgrounds, and must be very responsible individuals. Specific training for each of the positions will be provided in the months during the plant's development and at the point the various technical components are being assembled.

The individuals selected to serve as part of the Quality Control team will likely have some sort of chemistry and / or laboratory experience to begin with, although additional training will be provided.

Delivery Personnel

Delivery people will spend most of their workdays on the move. These staff members must be excellent drivers with specialized skills in troubleshooting, defensive driving, collision avoidance, threshold braking, map reading, security, and organizing their daily routine. They must enjoy working with little direction and should exhibit superior customer service skills.

Before leaving the manufacturing plant, the truck drivers will check the fuel level and oil in their trucks. They will also regularly inspect their trucks to make sure that everything is in fine working condition. Drivers must make sure that their cargo is secure and report improperly positioned loads to the dispatcher.

Once on the road, they will travel their routes to deliver product to customers, and they will collect empty containers. The drivers will keep track of the items they deliver and pickup. The intent will be to arrange for delivery drivers to maintain contact

with the main office during the day. This will not only serve as a security measure, it will also permit the dispatch staff to notify them as to any required changes to their delivery schedule.

In addition to the drivers, the company will also maintain a number of dispatch individuals within the office. Their responsibility will be to plan the daily delivery routes for each of the truck crews, and to deal with any sudden problems or disruptions that are bound to occur (e.g. switching priority tasks from one crew to another should a truck break down).

Marketing & Sales Personnel

Ideally, the persons recruited for this function will come to the job with a proven track record in marketing and sales activity. Some staff will work from the company's head office, but most will be out on the road every day meeting with prospective target customers.

KEY SUPPLIER ARRANGEMENTS

1. To launch and sustain this venture, there will be the need for essential infrastructure, material, expertise, and capital. Logically, one good place to start looking for all of these resources would be one or more of the large organizations already involved in the bottled water business (production, marketing, and / or transport segments), as well as those entities with a presence in Angola. For the next few months, the lead proponent will be approaching these organizations / entities to gauge their interest in participating

in this venture. As details concerning the participation of these key suppliers become known, they will likely be appended to this document.

MARKETING PLAN

STRATEGIES FOR SUCCESS

The mission of PWL is to become Angola's premier provider of purified, safe, and affordable drinking water and associated water cooler products. PWL is dedicated to building long-term relationships with customers through quality products and customer support. The best way to achieve this, and the basis of the company's initial marketing focus, therefore, is to promote the benefits for the home and office of buying PWL's products. In large measure, the use of "Puro" (the Portuguese word for "pure") within the brand name will help establish the necessary imagery of a product that is both clean and valuable.

Secondarily, promotional messaging should also play up the fact that PWL is an Angola-based company. Other bottled water product may appear from time-to-time, but why not take advantage of nationalistic sentiment? A small Angolan flag logo on the bottle would help achieve this.

Finally, the company will adopt creative and aggressive tactics to exclusively position its product into key target markets. For instance, by offering low pricing and / or promotional supports to a particular high profile retailer will ensure that only Puro Water appears on the shelf rather than some other brands. Often, taking less revenue (or incurring a higher cost) when dealing with a certain customer will incite that customer to agree to some sort of preferential agreement. When that customer just happens to be

important (in terms of his location, large market share, reputation, etc.), then the revenue sacrifice or extra cost incurred may be very worthwhile in terms of the big picture.

TARGET MARKETS

A number of prospective customer groups will comprise PWL's principal target markets. The type of marketing required to effectively connect to the various groups will vary, and these differences will be noted.

- Individuals; this group will be comprised of the population at large, and can only be effectively approached through mass media marketing.
- Retailers; a very important target market in so far as this represents the best way to sell product to most members of the general population. Potentially, this target market group could represent the largest sales volumes. Establishing agreements with retailers will require direct sales approaches, coupled to the offering of sales commissions.
- Hospitals; this sector represents an excellent public relations opportunity, since the placement of product into hospitals will prove the assertion that the Puro Water brand represents quality and safety. Establishing agreements with hospitals will require direct sales approaches, coupled to the offering of pricing discounts.
- Hotels; this is a very prestigious customer group that would lend excellent credibility to PWL's product lines. Establishing supply agreements with hotels will require direct sales approaches, coupled to the offering of pricing discounts.
- Restaurants; a potentially lucrative target market in the long-term when PWL eventually produces and distributes specialty, high-end, bottled water products (e.g. a fancy 500 ml bottle sold under a brand name such as "Heavenly Water"). Establishing supply agreements with restaurants will require direct sales approaches, coupled to the development of new, specialty product.
- Large Businesses, Commercial Complexes, Government Offices; this will quickly become the largest target market group in terms of sales volumes. It is important to highlight the fact that these are establishments with money, they have a lot of workers, and they have a vested interest in protecting / preserving the health of

their workforces. Establishing supply agreements with these customers will require direct sales approaches to key decision makers.

PROMOTIONAL STRATEGIES

As a general statement, the principal objective behind PWL's ongoing promotional activities will be to introduce and reinforce the Puro Water brand name to the Angolan population. Promotional activity builds familiarity, reduces inhibitions, and often discourages the entry into the marketplace of new, would-be competitors. Some of the promotional activity / tactics to be employed is rather straightforward, including:

- Large signage along major roadways (e.g. billboards).
- Free sample giveaways in markets and other shopping places.
- Radio and newspaper ads.
- Arrange for celebrity endorsements.
- Create a “buzz” in the local press during the lead-up to the establishment of the plant, and especially at the point of its “Grand Opening”. Arrange for prominent dignitaries (e.g. the mayor of the city or the President of the country) to show up for a ribbon cutting ceremony.
- Public relations initiatives to build an image of PWL as a good corporate citizen (e.g. support of some new disease prevention facility / activity).
- Maintaining a sizable marketing & sales budget over the long-term. Promotion activity is an ongoing process, whose results may not show in the very immediate term. After all, PWL not only wishes to induce Angolans to try the product in the near-term, the intent is for these people to become longstanding, repeat customers on a continuous basis.
- Offer free trial offers, such as providing a water dispenser and initial supply of purified water at no charge. This tactic is best suited for large commercial buildings, government offices, or other potentially large volume buyers. Such free trials can entice certain prospective consumers to sign up for long-term supply deals.
- Offer a discount on water coolers and / or bottles for those customers who agree to commit to longer-term, minimum volume, supply contracts.

- Pay competitive commissions to retailers, wholesalers, and brokers so that they remain motivated to sell PWL product lines.

PRICING STRATEGY

PWL will maintain pricing on its products that will always tend to be at, or below the prices charged by other bottlers serving the Angolan marketplace. Other elements of the company's pricing strategy will include:

1. Maintain pricing consistency over the year so as to tell customers that PWL is a stable entity that is fully committed to its products.
2. Offer pricing discounts for those customers willing to commit to taking delivery of large volumes on a continuing, long-term basis. This will translate into a major cost savings for large volume customers, and will induce them to stay loyal.
3. By maintaining an ultra-competitive pricing regimen, potential newcomers to the Angolan marketplace will be dissuaded from selling their bottled water products (if they are foreign-based bottlers, they will likely pay more attention to some other nation where the pricing levels and profit potential is higher).

FINANCIAL CONSIDERATIONS

STARTUP BUDGET

Three start-up phases of activity will be required to launch this venture that, in total, will require \$9.75 million (US dollars). Then, an additional \$250,000 will be positioned for the company's initial working capital. These cash requirements are described below:

Puro Water Ltd. START-UP COST DETAILS	
<u>Phase I: Site Engineering (months 1 to 3)</u>	
Identify best plant site from several candidates, and then develop full engineering specs for the plant	\$ 250,000
<u>Phase II: Infrastructure Acquisition (months 4 to 6)</u>	
Place a deposit towards acquiring the land. Order all production Equipment, and begin recruitment of senior production personnel.	\$1,500,000
<u>Phase III: Construction & Plant Set-up (months 7 to 12)</u>	
The complete facility is erected, all equipment is received and assembled, all personnel are recruited.	\$8,000,000
<u>Working Capital</u>	
Coverage of marketing budgets, production chemicals, staff wages, license fees, supplies, etc.	\$ 250,000
Total	\$10,000,000

REQUIREMENT FOR FUNDS

The lead proponent to this venture has been seeking to raise a total of \$10 million (USD) to launch this venture, and has made tremendous progress to-date in discussions with certain western government agencies, banks in Angola, and various private corporations. The overall financing mechanism under consideration (as shown in Appendix A) would involve various debt instruments through the various above noted parties. In the particular projection shown, repayment of the debt begins once the plant is operational, and shows equal payments towards a total of \$10 million in financing, based on a 5-year term, with a 10 percent annual rate of interest.

Also a possibility (but not specifically projected in this document) would be a blended financing approach involving a combination of debt and equity. Over the upcoming number of months, the precise financing mechanism to be undertaken will be clarified as discussions are completed with prospective lenders and investors.

PROJECTED REVENUES & EXPENSES

Within the debt financing scenario of Appendix A, a 5-year projection of operational revenues and expenses is provided for PWL. These projections have been developed in accordance to conservative principles whereby the plant's optimum production output and sales volumes are constrained to levels far below 100 percent capacity. Meanwhile, the company's various expenses are shown coming in at high-value ranges.

Once operational, the total projected revenue for the firm during each year is forecast to greatly exceed all anticipated direct and general expenses. Even under these rather conservative projections, PWL is shown to exhibit very significant profitability.

CASH FLOW & BALANCE SHEET PROJECTIONS

A set of corresponding cash flow projections are also provided. These projections adhere to the same conservative assumptions. The cash flow projections verify that the company will have ample capital on hand to meet all of its spending obligations.

Also provided are sets of projected balance sheets for the company, indicating opening and year-end amounts for the firm's assets, liabilities, and equity positions. These projections confirm that PWL's net worth and retained earnings will grow substantially over time.

BREAKEVEN & SENSITIVITY ANALYSES

Breakeven Analysis

A breakeven analysis has been conducted to evaluate the approximate number of bottles of purified water that need to be sold in order for the company's Year 1 operations to reach the breakeven point. Such an analysis assumes the same relative balance is maintained between the different product types, and that the various cost and price assumptions remain unchanged.

Under these conditions, PWL will reach the breakeven point once it sells 397,800 5-gallon bottles, 1,785,000 1.5 liter bottles, and 1,785,000 500 ml bottles through the year. This equates to a monthly average of only approximately 33,150 5-gallon bottles, and 91,250 bottles for each of the other two, smaller product sizes. This breakeven point represents a sales success rate of only 36 percent of that being predicted. Consequently, management remains extremely confident that the company will be profitable.

Sensitivity Analysis

A sensitivity analysis has also been carried out to identify and measure those variables that could significantly and negatively alter the outcome of this venture if their values were changed. In other words, this evaluation helps to determine how vulnerable or robust this venture will be in the event one particular revenue stream, expense item, or other factor suddenly change by a significant amount (a 25 percent impact to Year 1 is used). The scenarios chosen for sensitivity analysis are listed below, and the resulting gross income figures for each scenario is highlighted in the subsequent table. (For obvious reasons, this analysis focuses only on the prices and costs associated with the water bottles, and not on the coolers, which is a relatively minor side operation.)

- SCENARIO 1; Price charged per bottle decreases by 25 percent
- SCENARIO 2: Cost of bottle, label and contents increases by 25 percent.
- SCENARIO 3: Cost of treatment of water increases by 25 percent.
- SCENARIO 4: Cost of product delivery increases by 25 percent.
- SCENARIO 5: Cost of sales commissions increases by 25 percent.
- SCENARIO 6: General & Administrative costs increase by 25 percent.

Sensitivity Analysis Results

SCENARIO	FACTOR NEGATIVELY CHANGED	RESULTING NET INCOME
original	None	\$4,832,900
1	Price per bottle	\$1,238,300
2	Cost of bottle, label, etc.	\$4,228,500
3	Cost of treatment	\$4,228,500
4	Cost of product delivery	\$4,620,900
5	Cost of sales commissions	\$4,620,900
6	G&A costs	\$4,335,400

The largest impact to the business venture's profitability occurs if the selling price of final product drops by 25 percent. As for the other chosen negative impacts, their influence is less (an increase to the cost of bottles, the cost of treatment, or to G&A expenses will diminish PWL's bottom line, but not nearly to the same extent as a drop in prices). Clearly, the only real vulnerability this venture would have is if management chose to significantly reduce the price to be charged for bottled water.

Since the marketplace is currently charging a higher price for this product, the introduction of PWL's bottled water should result in all of the company's output being readily purchased. In other words, the target pricing to be charged for this product appears secure from negative marketplace factors, and management should therefore be able to maintain price stability. Consequently, there is little reason to be concerned. As long as management adheres to its stated pricing strategy, this venture's overall economic model will remain very robust

APPENDIX A

**FINANCIAL PROJECTIONS
DEBT FINANCING SCENARIO**

APPENDIX B

PLANT AND EQUIPMENT

APPENDIX C

INDUSTRY BACKGROUND INFORMATION

APPENDIX D

MISCELLANEOUS