PROJECT SUMMARY

Project : QUALCO OPERATIONS FACILITY

Qualco Inc.

Lot #10, Public Road, Supply

East Bank Demerara

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SITE DESCRIPTION

The site is located at Lot #10, Public Rd., Supply, East Bank Demerara and was used by the previous tenants as a motor vehicle repair shop. The property is approximately 20,000 sq.ft and there is a 3,675 sq.ft single story building at the front of the property. There is a Digicell tower located at the back of the property.

The GPS coordinates for the site location are Latitude 6º 37' 30.70" N and Longitude 58º 12' 20.36" W

The property is bounded on both sides (north and south) by residential properties which have structures to the front of the properties and vegetation to the back the properties. The property behind the project site (east) is presently unoccupied with no structures. The property is bounded to the west by the main road. The property is approximately 380' long by 70' wide.

The Google map excerpt below provides a visual representation of the above site description.

The nearest health facility is the Supply Health Center which his 0.35 km North East of the proposed project, the nearest school is the Supply Primary School which is 0.76 km to the South and the nearest place of worship, Calvary Gospel Hall is 100m to the North.

These are indicated on the map below.

The following illustrates the location of the existing surface drainage system as well as the location of the electricity and water utility supply.

PROJECT DESIGN

Stage 1- Property refurbishment

- Main Building structure
  The building structure required repainting and minor repairs to get it to a suitable state for the project purpose. Air conditioning was installed in several of the offices and internet and a security camera system was also installed. Perimeter lighting was installed to the front and back LED spotlights and fluorescent lighting was used on the sides in consideration of the adjacent neighbors. This has since been completed.

- External Areas (Yard)
  The external areas also needed improvement including the clearing and cleaning of drains and the back of the property which was littered with derelict vehicles and old car parts and overgrown with weeds and bush.

  Once cleared, the external surface areas including the driveway to the side of the building and the newly cleared land to the rear of the property was then rolled and covered with layers of sand and rocks to provide a stable surface for planned operations.

- Yard Structures
  - A prefabricated open Workshop/ yard shed was then erected in the yard to the rear of the main building to provide cover from the weather.
  - A scaffolding structure will be erected and this will serve as a Training Center for Scaffolding and Rope Access training classes.

Stage 2- Operational Readiness

- Equipment Receipt & Storage
  Over US$1 million of equipment for use in the project has been imported into the country and is now stored both inside the building as well as outside in the open yard awaiting the commencement of operations. We are awaiting a second shipment which will include a forklift and extended boom forklift as well as the scaffolding structure.

- Training
  Local labor has been identified and employed to work with the company in completing Stage 1 above and they are now in the process of undergoing training for the operations

of equipment and delivery of our services. To-date four (4) persons have been employed.

- Compliance

  Qualco Inc has completed and obtained the following relevant government and regulatory requirements:

  - Company Registration
  - TIN Certificate
  - Corporation Tax Returns

  The company has also applied to the Local Content Secretariat and submitted the required Master & Annual Content Plans for Local Content registration and approvals.

  As per this application, the company has also reached out to the Environmental Protection Agency (Guyana) on its own accord to see if it's proposed operations may require EPA approvals.

  We are currently at this Operational Readiness Stage.

Stage 3- Fully Operational

The next stage once all of the equipment has been received, the employee's basic training completed and the necessary approvals received, will be the Fully Operational Stage. This will comprise the following activities:

- Scaffolding & Rope Access Training

  The company intends to provide certified Scaffolding & Rope Access Training which is a standard requirement for both offshore and onshore Oil & Gas activities. This training is currently provided at our USA facilities however Qualco intends to provide this training to the local Guyana market at the Supply EBD location.

  This training includes both classroom and practical sessions and successful participants receive an international industry recognized certificate. The image below depicts a typical Rope Access class in session.

- Equipment Staging for Offshore

  There is equipment stored at the location that is intended for use on Oil & Gas projects offshore. This equipment includes the following:
  - Project Tool Boxes
  - Large Tool Houses (8' x 10') containers that are shipped offshore containing all of the necessary equipment, tools and materials to perform the work
  - Welding Machines
  - Blasting & Painting Equipment
  - Air Compressors
  - Electrical & Instrumentation test equipment

  The items are stored at the Supply location and packed for shipment when needed on a project. At the end of the project, the equipment is received back into the facility and is the checked, tested and certified if necessary to be ready to be back out again.

- Light Fabrication

  The company intends to provide light fabrication services for the Oil & Gas market. This will include the fabrication of small pipe spools and structural components. This process includes the cutting, grinding, fitting and welding of various metal components. All necessary PPE and controls will be put in place to avoid health, safety and environmental hazards.

  There is sometimes a requirement for the fabricated piece to be coated before delivery to the customer. When required, this process will include the surface preparation and subsequent painting of the component.

  Surface preparation may be performed either by manual methods such as using grinders, bristle blasters and other small electric or pneumatic hand tools, or may also be done by the sand-blasting method. In both methods the process will be performed within either a semi-enclosed or fully-enclosed area so as to eliminate or minimize the hazards and potential environmental impact associated with airborne particles.

  Despite the generic industry term 'sand-blasting', Qualco will not be using sand and in the international industry, sand is actually seldom used any more, as inhaling the dust has been shown to cause the lung disease silicosis. Qualco will be using abrasive blasting materials such as Garnet or other environmentally friendly materials. The most important environmental consideration is choosing an abrasive material that will not contaminate the area and is free from heavy metals. Garnet (granular crushed stones) is the preferred industry choice. With fewer airborne emissions due to its particular crystal

structure and being free of the dangerous silicates of sand, Garnet avoids the health risks of using sand. With a low chloride content, almost complete absence of silica, a MOHS hardness of 7.5 and a specific gravity of four, garnets are ideal for abrasive blasting. The crystals are chemically inert, so even if garnet dust finds its way into the natural environment, it adds nothing but bulk, nothing that will affect the ecosystem it enters.

Still, Qualco will take all necessary measures to prevent introducing new elements into the environment, even if just for aesthetic reasons. When abrasive blasting has to be done in the outdoor area, a temporary skirting or curtain will be used to contain the spread of particles. We will also be implementing a fully enclosed blasting booth for smaller pieces that may require greater accuracy and control of the process. The blast booth allows material that falls to the floor to e gathered and reused with little or no emission to the environment. Garnet can usually be recycled up to five times before the grains become so small as to not be effective for their abrasive purpose in an industrial application.

Similarly, the painting or coating of the components may be performed manually using the brush & roll method or may by applied by mechanical means such as with an industrial spray-painting machine (eg: HVLP or Airless). The specific coating material or paint and the process is usually defined in the customer' specifications. The industry has become acutely aware of the VOC concerns and the major players such as Exxon, SBM and others carefully select the coating to be used.

When coating has to be done in the outdoor area, it will be done within the confines of an enclosure with a temporary skirting or curtain used to contain the spread of airborne particles. We will also be implementing a fully enclosed painting booth for smaller pieces that may require greater accuracy and control of the process. The paint booth has a built in air filtration and ventilation system to ensure that there is no emission to the environment.

In both situations, the workers involved are properly trained in the use of the equipment and wear the appropriate PPE including respiratory devices.

Al waste materials from these processes will be carefully controlled and managed and disposed of in a responsible manner using qualified industry waste management contractors and experts.

The public utility requirements for these processes will be minimal as there is no significant industrial water usage and all of the energy/electricity required will be self-supplied by generators on site. Electricity usage will mainly be for small hand tools and general office usage.

PROJECT SIZE

Based on current and planned activities in the Guyana Energy market, strong existing international professional relationships with the key players in the market and our experience and expertise in our provided services, Qualco is confident of it's ability to support the growing industry in Guyana. With a strong focus on growing local capabilities through training and knowledge transfer, The Quality Companies sees the Guyana market as a key part of the company's overall long-term strategic plan and has therefore made the decision to invest in Qualco for the long term.

Qualco will employ approximately ten (10) to fifteen (15) persons locally in the first year through Stages 1&2 increasing to an estimated one hundred and twenty (120) persons by year 5. It is anticipated that over 1,200 local persons will be trained and certified in specialized Oil and Gas Services over this five (5) year period.

It should be noted that the Supply EBD location referenced in this application is seen as an entry point for the initial operations. It is envisaged that by year 2-3 the Welding & Fabrication activities will possibly outgrow this location and a larger more suitable facility will be found. At that point this activity will relocate to the new facility and the Supply EBD facility will remain as a Training Center and Staging Warehouse.

While Qualco provides a 24hr/ 7 days a week response service as required by the Oil & Gas industry, Qualco's investment and projected activities at the Supply EBD facility (particularly for the welding & fabrication activities) are based on a five (5) day work week (Monday - Friday), with the occasional need for work on a Saturday. The hours of operation for Welding & Fabrication be restricted to normal daylight working hours.

NON-TECHNICAL PROJECT EXPLANATION

- Background

  QUALCO Inc. (Guyana) (QUALCO), located at Lot 10 Public Road, Supply EBD, Guyana, is part of a family of companies from the United States with extensive Oil and Gas experience. Quality Companies is a consortium of premier oil and gas product and service companies strategically located throughout the USA Gulf Coast region and internationally.

  Our core services include the following: onshore and offshore fabrication and installation including pipe, vessel and structural, welding, rigging, rope access, scaffolding, blasting, and painting. Electrical and Instrumentation (E&I) including installation, commissioning and maintenance, fiber optics and telecom, MPD

installations and FPSO testing technicians. We provide skilled labor that operates offshore and onshore assets – control room operators, production operators, mechanics, electricians, and pipeline operators. And lastly, we provide production package fabrication which includes pipe spools, vessels, production separator packages, dehydration units, manifolds, flare systems, glycol unit and pig launchers/receivers

- Supply EBD Facility

  QUALCO Inc. (Guyana) has established a local operation to support current ongoing works as well as position itself for additional long-term opportunities. We are on the approved vendor list for ExxonMobil in Guyana, as well as SBM and Noble Drilling and are currently working on SBM and Noble Drilling projects in Guyana. Our Supply shop will allow QUALCO to build local content and capacity and to offer the extensive range of services Quality Companies now offers worldwide right here in Guyana.

  At the Supply EBD facility, QUALCO will initially focus on the following activities:

  - Training (Scaffolding, Rope Access and Welding)
  - Equipment storage and staging in preparation for projects at customer's sites
  - Welding and Fabrication, including blasting & painting
  - Project administration offices

ENVIRONMENTAL IMPACT & MITIGATION PLANS

As previously described, of the planned activities at this location the ones that we believe present the biggest potential impact to the environment and our proposed plans to mitigate and manage these impacts are as follows.

- Welding & Fabrication
  - Hazard- Fire
    Mitigation
    - No flammable materials will be located in the vicinity of active welding
    - A Fire Extinguisher and Fire Blanket will be in the area where there is active welding
  - Hazard- Arc Flash Exposure

Mitigation

- All personnel involved in welding activities will wear the appropriate PPE including Welding Helmets
- Welding Screens will be used to prevent accidental exposure to Arc Flash

- Surface Preparation

After fabrication, most items usually require mechanical surface preparation to ensure proper adhesion of the coating to be applied. This may be by manual methods such as using grinders, bristle blasters and other small electric or pneumatic hand tools, or may also be done by the abrasive-blasting method using an abrasive material and compressed air. The potential environmental hazard and proposed mitigation measures are as follows.

  - Hazard- Airborne particles
    Mitigation
    - In both methods the process will be performed within either a semi-enclosed or fully-enclosed area so as to eliminate or minimize the hazard and potential environmental impact associated with airborne particles.
    - When abrasive blasting has to be done in the outdoor area, a temporary skirting or curtain will be used around the area to contain the spread of particles.
    - We will also be implementing a fully enclosed blasting booth for smaller pieces that may require greater accuracy and control of the process. The blast booth allows material that falls to the floor to be gathered and reused with little or no emission to the environment

  - Hazard- Respiratory impact of abrasive materials
    Mitigation

    - Qualco will be using abrasive blasting materials such as Garnet or other environmentally friendly materials that will not contaminate the area and is free from heavy metals. With fewer airborne emissions due to its particular crystal structure and being free of the dangerous silicates of sand, Garnet avoids the health risks of using sand. With a low chloride content, almost complete absence of silica, a MOHS hardness of 7.5 and a specific gravity of four, garnets are ideal for abrasive blasting. The crystals are chemically inert, so even if garnet dust finds its way into the natural environment, it adds nothing but bulk, nothing that will affect the ecosystem it enters.

- All workers involved will be properly trained in the use of the equipment and will be required to wear the appropriate PPE including respiratory devices

- Hazard- Noise
  Mitigation

  - All related equipment including compressors and generators will be properly maintained and equipped with mufflers / silencers.
  - Such activities will be restricted to normal daylight working hours
  - Proper site practices will be maintained.

- Coating/ Painting

  After the surface has been prepared, the painting or coating of the components may be performed manually using the brush & roll method or may by applied by mechanical means such as with an industrial spray-painting machine (eg: HVLP or Airless). The choice of coating material or paint and the process is usually defined in the customer' specifications.

  - Hazard- Airborne particles/ Fumes
    Mitigation
    - In both methods the process will be performed within either a semi-enclosed or fully-enclosed area so as to eliminate or minimize the hazard
    - and potential environmental impact associated with airborne particles or fumes.
    - When coating is done in the outdoor area, a temporary skirting or curtain will be used around the area to contain the spread of particles & fumes.
    - We will also be implementing a fully enclosed painting booth for smaller pieces that may require greater accuracy and control of the process. The paint booth traps the fumes and filters the air ensuring little or no emission to the surrounding environment.
    - Specialized industry standard equipment will be used to apply by mechanical means such as with an industrial spray-painting machine (eg: HVLP or Airless. This will minimize 'over-spray' and ensure that the most paint to be applied to the surface when sprayed and not emitted into the atmosphere.

- All workers involved will be properly trained in the use of the equipment and will be required to wear the appropriate PPE including respiratory devices

  - Hazard- Noise
    Mitigation

    - All related equipment including compressors and generators will be properly maintained and equipped with mufflers / silencers.
    - Such activities will be restricted to normal daylight working hours
    - Proper site practices will be maintained.

- Ancillary Equipment Operation

  Ancillary equipment used in the process will include compressors, generators, forklifts, grinders and other electrical and pneumatic hand tools.

  - Hazard- Noise
    Mitigation

    - All related equipment including compressors and generators will be properly maintained and equipped with mufflers / silencers.
    - Such activities will be restricted to normal daylight working hours
    - Proper site practices will be maintained

- Waste Management

  During the processes outlined above there will be a minimal amount of waste materials generated and these will include, oily rags, left over paints/ thinners, metal cuttings/scraps.

  - Hazard- Fire
    Mitigation
    - No flammable materials will be located in the vicinity of activities. All such materials will be stored in an approved storage receptacle
    - Fire Extinguishers and Fire Blankets will be located throughout the facility.
    - Proper housekeeping practices will be employed including the proper disposal of rages and soiled materials

  - Hazard- Environmental spillage

In the unlikely event of a spill, the following proposed mitigation/response measures would apply.

Mitigation

- Proper employee training and good site practices will minimize the likelihood of accidental spillage.
- All hazardous material such as solvents, paints, fuel etc, will be properly stored in appropriate cabinets designed for such items
- The handling of these items, including opening and dispensing, will be performed in a bunded area specifically designed for spill containment
- If a spillage does occur it will be immediately cleaned up and the area remedied to ensure no environmental impact
- Any spilled material will be immediately cleaned up using absorbent material such as absorbent pads, rags, sawdust, etc
- The absorbent material will then be stored in hazmat containers and disposed of using an EPA authorized hazmat handling contractor
- All waste materials will be properly disposed of in accordance with industry and regulatory requirements in a responsible manner using EPA approved Waste Disposal contractors.

COMMUNITY CONSULTATION

Qualco has developed and maintained a healthy relationship with all of it's neighbors at the Supply EBD location. We have purposefully gone and introduced ourselves to all of the surrounding neighbors, including even those not directly adjacent to our facility.

We have explained to them what the company is about and what types of activities we will be doing. There were no objections from any of the neighbors and in fact they welcomed the company's presence and the potential economic activity it could bring.

For example there is a small shop/ parlour nearby and many of the employees have been purchasing snacks and items from the shop. Similarly, one of the neighbors provides home cooked meals from their kitchen and we have been patronizing their small business. We have also indicated to them that we will be hiring and one of the neighbors has already indicated that he has a son who would be interested in applying for a job.

Qualco sees itself as a part of the community and intends to continue engaging neighbors to ensure harmonious relationships and to be able to be aware of and address any concerns that may arise.

Please see attached documentation with the neighbors which reaffirms the above.

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