

MAGNETIC MILES UPDATE – AUGUST 2019

COATINGS UPDATE:

The coating project continues with a second round of independent validation testing scheduled for the week of September 8. Samples have been prepared and treated, and are curing per ASTM standards as of this writing. This set of testing is designed to push the coating to failure using three separate levels of thermal protection. While the first two sets of testing indicated that the coating performs at levels in excess of current competitive limits, the management team has recognized the need to determine the full scope of the performance range in order to prepare a marketing strategy that is supported by the total range of empirical data generated by recognized university and industry laboratories. This is an essential step in the validation process as it will define the range of applications the coating can be utilized for.

Assuming this second round of validation goes as scheduled, the testing will be completed by the end of Q3 or early Q4, allowing the management team to begin discussions with potential industry partners regarding their own in-house test protocols, licensing agreements, and product rollout.

BUY BACK OF UNITS:

As stated in our last update we will be attempting to buy back units from any members that would like to sell their units back to the Company for \$0.50 per unit. This would be with the understanding that the Company, in order to raise money, would then sell the units to a third party for \$1.00 per unit. The Company will allow people to sell back the greater of 5000 units or 10% of the member's units whichever is greater. Members that have 5000 or less units that want to sell all of their units will have priority for the sale of all of your units.

We have placed a form in this update for you to fill out and advise as to whether you want to sell your units and if so how many you would like to sell. Once we receive the forms back then we will be able to start determining the priority of the buy back. It is important to note that this form is simply a form for us to start putting together a list of how many units may be sold back to the company and is not actually the documentation that will be executed once the buy back actually occurs. Therefore you can send in the information and change your mind before the final documents are provided to you for signing.

Election of Board of Directors:

Since the Company is hoping to be able to monetize the coatings technology in the near future the advisory board has decided that a Board of Directors should be formed in order to appoint a new manager for the Company. When Michael Cristoforo was ill he appointed Charles Heath to take over as Manager. Charles Heath then resigned his position and Ted O'Hara has been acting manager since that time. We have sent along with this update a ballot form for you to fill out and either email or mail back to us so that we can form the new board and have the board appoint a new manager. The names on the ballot are those of current advisory board members that are willing to be elected to the Board of Directors. There are also two additional lines for any write in that a Member would like to vote for.

There will be 7 board members and they will appoint a new Manager for moving forward. If the new Manager is one of the Board Members then the Manager/Board Member will be the tie-breaking vote.

Please return these ballots to the Company by mail or email as directed on the ballot form.