



FUNDING PROPOSAL

The fundamental distinction between the economies of 'developed' and 'developing' countries is the low level of asset capitalization. The majority of the "developing countries" are not recipients of significant financial returns available through the utilization of their 'dormant' state assets undoubtedly valued in the tens and hundreds of billions in U.S. dollars (the most common currency in the world as the international equivalent value). In general, these assets are various rich mineral deposits, government land, and non-privatized state property. Typically, these assets are more than adequate to serve as collateral for guarantees, loans, trading, or development investments. However, due to a number of mostly political problems the degree of direct investment of acquisition proposals is inadequate, and not able to meet the national economic and social needs of the full amount necessary for the implementation of major reforms and programs.

National programs and projects can readily be financed through the issuance and placement of government securities. This is the most efficient, profitable and promising method of economic development for the country.

The current international practice of issuing government securities does not take advantage of the unique opportunity of the capitalization of state assets, and is relegated to government loans largely intended to cover domestic budget deficits or the repayment of external public debts of the issuing country. Maintenance of such issues rests solely on state budgets, and is, therefore, called a "**budget**" issue. The volume of such issues is in the tens or hundreds of millions of U.S. dollars, and rarely reaches into the billions. In to-days financial market there are several first-class banks which have considerable expertise in servicing various governments of developed countries by selling (usually electronically) government securities (mainly bonds) at a acceptable discount.

Our proposal fundamentally differs from the above-mentioned practices in that we propose that the state implements the utilization of documentary assets by issuing government securities to provide **extra-budgetary** funding for public projects. These projects are to be highly cost-effective and self sustaining; based on which premise we propose to assume the maintenance of the loan, thus settle the interest payments and the redemption of securities, thus effecting a self-liquidating capitalization; not at the expense of the stat budget of the Issuer. Therefore, the volume of such Issues can run into the billions and tens of billions of U.S. Dollars, regardless of the size of the state budget (even surpassing it several times). Utilizing our own expertise and "know-how" in the sphere of the latest technology, enabling to determine all areas, including remote scanning of the earth's surface, thus our company has the ability to quickly and accurately determine the composition, location and quantity of mineral deposits; thereby, significantly increasing the assets of the State, insuring a risk-free issuance of asset based government securities.

The United States Treasury has great experience in the field of state Budgets, and has developed a mechanism of issuing securities backed by government assets. Thus the country developed an improved mechanism by issuing securities not backed by gold but rather proposing a “virtual” security. Nevertheless, this method is not made public and is carefully guarded as a secret. At the same time such services are not being offered by such specialized financial institutions like the International Monetary Fund, World Bank, European Bank for Construction and Development, International Finance Corporation even though they consider many states as their clients, and the main function of these organizations is to provide funding for essential national programs.

Our proposal is based on the unique practical experience of developing and implementing the issuance of State Commodity Bonds of Material Resources of Ukraine in the amount of US\$10 Billion in the year 1994. Such creative funding is unprecedented in the International Financial Market and has no analogue. The essence of the proposed funding is to resolve the problem of optimal utilization of public assets as a basis for issuance and placement of government securities, with a subsequent maintenance of the loan without placing any encumbrance on the state budget through effective utilization of loaned funds for highly profitable projects.

In a distinct contrast to the customary methods of raising funds our attractive proposal is conducive to significant amount of funds irrespective of the size of the state budget, the Issuer, as it does not require the securing of this funding as it does budgetary funding. We are ready on short notice to develop and implement a project to be funded by “Off Budget Funds” for any national program. Including, we can assist in creating such programs based on the limited financial capabilities of local limitations. The proposal we are suggesting envisions the presentation to the client, an empowered government representative, a complete documentation explaining the implementation of our services in organizing and realizing the issuance of safe securities their placement, and the servicing of the loan.

As part of our services we shall prepare and submit for approval projects in accordance to the laws and regulations governing such contracts and agreements with all local contractors and participants in the projects; including but not limited to the issuing of pre-agreed to terms with all parties in connection with their compliance with current national legislation and international laws. Our expertise and experience allows us to find the most efficient and cost effective solutions while minimizing all financial risks and to optimize the procedure of servicing the loan through the use of unique placement of securities, which essentially distinguishes our proposal from the traditional methods of funding state projects.

A BRIEF DESCRIPTION AND WORK PLAN

Stage One

Program Analysis

1. Perform a critical analysis of all existing and emerging government programs. Select the most cost effective and best-prepared projects that can be completed first given the substantial necessary funds for its completion.

2. Analyze all legislation governing every aspect of the issuance of State Financial Commitments to determine the best format of government financial securities; the issuance of which requires the least bureaucratic procedure.
3. Prepare and submit for client's approval the procedure to be implemented in the issuance of Government Financial Securities.
4. Jointly with respective State agencies prepare decrees (decrees by the President, the pertinent government agencies, cabinet ministers) pertaining to the issuance of Government Financial Securities.
5. Organize and implement the process of issuing Government Securities, their authentication and authorization.

Stage Two

Program Implementation

1. Analyze and research all options of placement of the Government Financial Securities outside of the Stock Market; negotiating directly with select financial institutions.
2. Determine optimal placement of Government Securities with most advantageous terms and conditions as well as servicing of the loan.
3. Prepare and submit for client's approval the program of placing the Government Securities outside of the Stock Market.
4. Prepare viable contracts in co-operation with the Department of Justice and other State agencies empowered to construct legal binding documents in connection with the issuance of Government Financial Securities.
5. Organize the process of participation in negotiations with all participants in the process of placing Government Financial Securities.

Stage Three

Loan Servicing Procedure

1. Determine the optimum form of servicing Government Secured Loan.
2. Prepare and submit for client's approval the terms of servicing the Government Secured Loan (principal and interest payments).
3. In co-operation with Government attorneys prepare a draft of state regulations governing the actions of servicing government loans.
4. Prepare agreements with all participants involved in servicing government loans.
5. Organize and execute the entire process involved in servicing the government loans until its completion.