

MILESTONES AND SCHEDULES

12.1 Development Plan

Multiple rounds of financing are common as businesses grow through the standard four phases in their life cycle:

- the pre-start-up R & D phase;
- the development phase (first steps at commercialization);
- the growth phase (expansion beyond a local market);
- the maturity phase.

Each round of financing typically allows a venture to move forward in one of these phases to achieve specific short-term objectives. Reaching these objectives adds value to a venture, reduces risk for the investors and becomes the starting point for the next round of financing. Public Petroleum is ready to enter the development phase.

The commercialization of the EXAR-1 is a large project which can be simplified by breaking it down into a series of smaller projects. Its activities over the next 15-18 months will include:

12.1.1 Fund Raising

Negotiating with,

- a) Provincial governments
- b) Foreign Investors and
- c) Organizations
- d) Private
- e) Public Offering

This phase is expected to last until March of 1989.

Timing: End, 1988 - version 1.1 of the business plan.

Middle, 1989 - first major investor.

12.1.2 Prototype Commercialization -

Technical

The prototype will be updated by the latest innovations in batteries, drive systems, components, etc. The Snow Corporation will provide plastic molding equipment and a complete turnkey assembly operation.

Timing: 2Q, 1989 until 3Q, 1990

12.1.3 Prototype commercialization -

Safety Compliance

(a) Liaison with DOT, the vehicle design, inside and out, to be reviewed for compliance to some 45 Canadian Motor Vehicle Safety Standards (CMVSS).

(b) CAD/CAM design by Amectran, Computer modelling will be used as part of the safety compliance program and in the factory design, and updating of the EXAR-1.

Timing: 2Q, 1989 until 3Q, 1990

12.1.4 Product Design and Marketing

A series of issues related to the design and performance of the product need to be dealt with:

- (a) Adding of Ground Effects

- (b) Adding of new day bumpers
- (c) Updating of CPU and Display, etc.

Marketing plan. A detailed marketing plan and market launch strategy for a new specialty car will eventually be prepared.

Service plan and network. This will discuss the level of service expected by the different types of buyers and how to provide it.

Timing: 1Q, 1989 followed by more detailed updates.

12.1.5 Plant Design and Set-up

It is anticipated that the assembly plant will be ordered, May of 1989. This will start a process of detailed plant, construction, assembly, and start-up estimated to last one year. Decisions and activities during this period include:

Liaison with the plant designers. This will come from one source, the Snow Corporation in Fort Worth, as the major equipment suppliers.

Manufacturing process design. This is a detailed plant engineering project involving a combination of engineers or representatives from the manufacturer, or the future plant operator and Amectran.

Purchasing. Equipment, inventory, building and land need to be purchased.

Location selection. The pros and cons of plant locations.

Staffing. Operations personnel need to be hired and trained.

Timing: Approximately 1Q, 1990 to 1Q, 1991.

12.1.6 Production and Operation

This starts the process of dealing with the day-to-day activities of running a manufacturing company. This is the phase that benefits investors because it generates cash. Aspects which will be evaluated in more detail because of their effect on the bottom line include:

Production levels. A plant capacity of 5,000 vehicles per year per shift is currently being used for planning purposes.

Inventory costs. The complexity of the operation will be reduced by purchasing most components from outside suppliers and making the body shell from plastic. The parts inventory will need to be studied in some detail.

Staffing. The number of production personnel and duties at each workstation have been sketched out and will be reviewed.

Suppliers. The component suppliers will consist of some regular auto industry suppliers and some specialty electric vehicle suppliers.

Timing: The first assembly plant is scheduled to open 1Q, 1991.

12.1.7 Expansion and Franchising

The entrepreneurs feel from discussions with a number of state and provincial governments that they can easily get funding to open additional plants once the concept of electric cars is proven by the first plant.

Franchising. Additional regional plants could be opened on a franchise basis.

Timing: Planning to start in 1991 for a second plant in 1992.