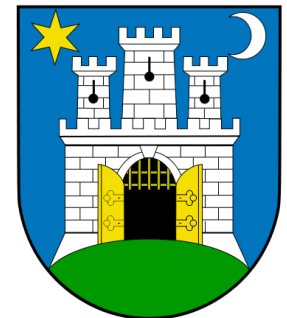


CROATIA

*A New Gateway for Commerce between Europe & Asia
&
Central European Green Energy Hub*



Croatia: At a Glance



A Master Plan for Regional Economic Development.

Geography

- ❑ Croatia serves as the Gateway to Eastern Europe and is an important NATO Ally.
- ❑ The country has a Distinct Boomerang Shape which includes 1,111 miles of Coast Line.
- ❑ It lies along the East Coast of the Adriatic Sea and is directly opposite Italy. Croatia shares its borders with Serbia, Montenegro, Bosnia and Herzegovina, Hungary and Slovenia.
- ❑ Within a 300-mile radius is a population of over 500 million in an emerging region of the world.
- ❑ Croatia is made up of 20 Counties plus the Capital City of Zagreb and controls 1,185 Islands in the Adriatic Sea.
- ❑ Rijeka is a Gateway Port City that has the deepest Port on the Adriatic. It is of both Strategic and Economic Importance to the Neighboring Countries of Europe.

Ideal Location to Service Central Europe's Cargo Hubs & Energy Needs



Economic and Political Profile

- ❑ Croatia is well-situated between Central and Eastern Europe. Its terrain is diverse; containing rocky coast lines, densely wooded mountains, plains, lakes and rolling hills.
- ❑ The population is 4,290,612 as of the 2011 census.
- ❑ The Government is a Parliamentary Democracy and achieved its Independence from the former Yugoslavia on June 25, 1991.
- ❑ The Economy of Croatia is well positioned for Economic Growth. Inflation is 2.1%. GDP is \$60.8 billion. Unemployment is 17.9%. GDP per capita is \$13,700. Natural Resources Include: Oil, Natural Gas, Hydropower, Iron Ore, Natural Asphalt, Mica, Clay and Salt.



U.S.– Croatian Relations

- Bilateral relations between the US and Croatia are very strong due to the Strategic importance of Croatia in NATO.
- U.S. engagement in Croatia is aimed at supporting Croatia's development of a Democratic, Secure, and Market-Oriented Society.
- The Department of Defense has a robust military-to-military relationship with Croatia.
- The U.S. encourages Croatia's desire to play a Positive and Stabilizing role in the Region.
- The Economic Development of Croatia will have a positive effect on the overall Detente between the Two Countries.



Croatian President Ivo Josipovic with
US Secretary of State Hillary Clinton.

SpartaMatrix Company Profile

- ❑ SpartaMatrix Group was Chartered in 2002 as a Delaware Corporation for the purpose of developing a Global Compliant Operating System for the Cargo Shipping Industry.
- ❑ Its initial purpose was to develop advanced technologies to preserve and protect the safety of containerized cargo in the domestic supply chain.
- ❑ The Core technologies that were developed spawned a robust expansion of Security and Surveillance Systems for Cargo Shipping.
- ❑ The company has 54 Strategic Corporate Alliances on 4 Continents.
- ❑ The company has over \$1.4 Billion in assets, mainly through its intellectual property software and applications, which are deployed in the areas of Infrastructure, Logistics, and Green Energy.



Company Organization & Structure

- SpartaMatrix Group is a privately held holding company comprised of four international companies and six divisions which enter into various projects separately or as affiliated entities.
- In 2002, the SpartaMatrix Board and corporate management adopted a company policy of transparent corporate governance, which is defined as the relationship between all of the stakeholders in the Company. This includes the shareholders, directors and management of the Company.



www.spartamatrix.com

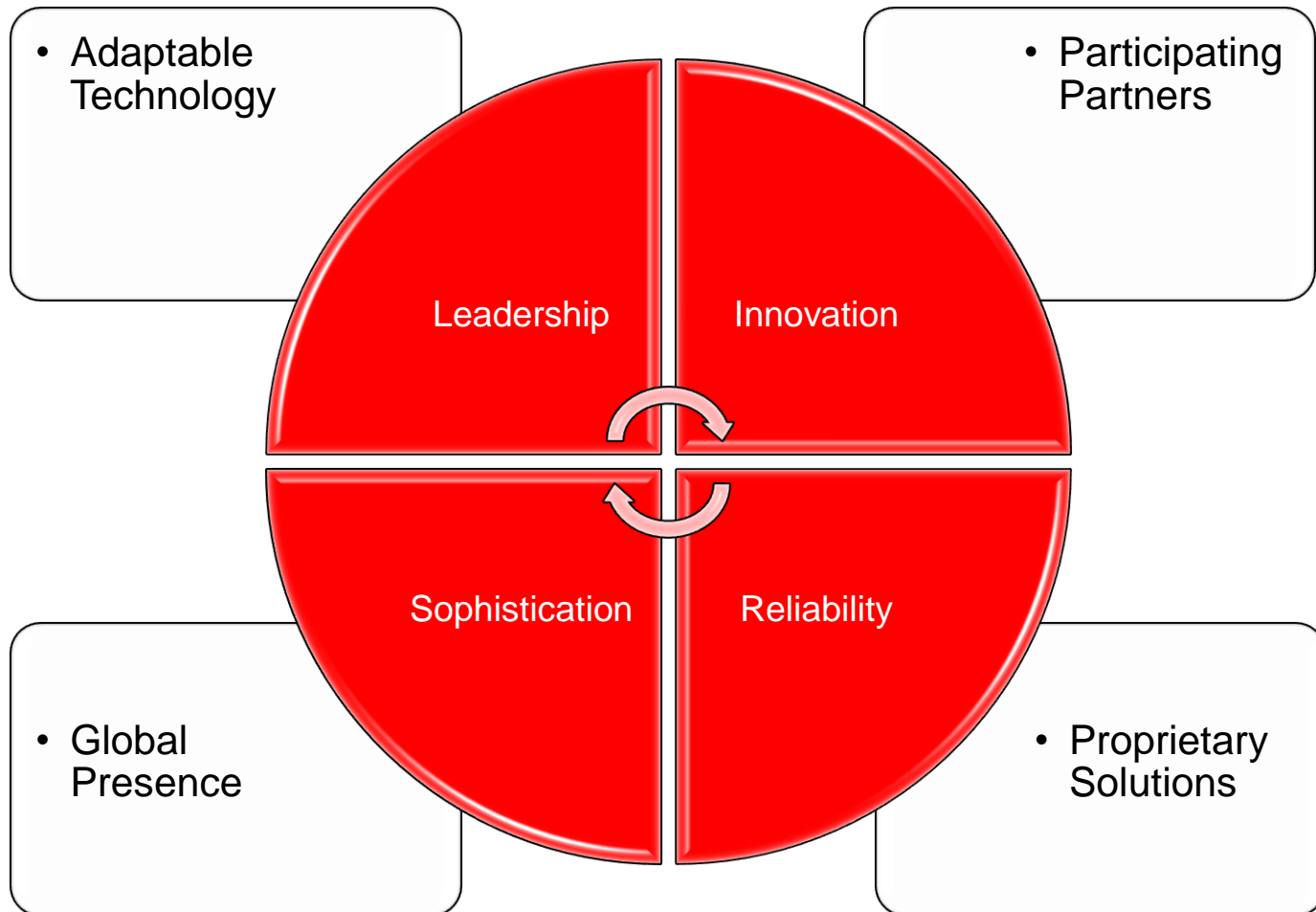
Company Operations & Staffing

SpartaMatrix company policy to date has been to hire skilled, highly credentialed independent contractors to carry out operations in each of its offices. These professionals possess the requisite experiences and understandings to address the myriad of geo-political issues and security matters for the Company.
















- This policy allows the Company to be run in a lean and efficient manner, satisfying its investors and the “bottom line” by keeping G & A and other overhead-operational costs at a minimum
- For the Company’s Croatia projects, it will hire hundreds of decorated US military personnel that have returned from service for some of its US-based manufacturing operations. This brings a strong “Made in the USA” component to the SpartaMatrix-Croatian ventures



SpartaMatrix Value Proposition



SpartaMatrix Global Strategic Partners

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The SpartaMatrix-Croatia Connection

SpartaMatrix and its President and CEO Philip Wainwright have been actively involved in the Strategic Planning for Economic Development in Croatia for the Past 6 years. In that time period the Company has:

- Established a strong Public-Private Alliance with Local, Provincial (State) and Federal Government authorities, securing numerous *authorizations, approvals and licenses* to support its economic development initiatives
- Received endorsements from the US Embassy in Zagreb and additional support from the US Commerce Department for its ventures
- Developed a comprehensive Master Plan including all requisite technical and operational components for the green energy and multi-modal transportation/port hub projects



Croatian President Ivo Josipovic (Center)
with SpartaMatrix CEO Philip Wainwright and his wife
Francoise Wainwright

The SpartaMatrix Solution

- In 2007, Sparta Matrix was invited by the Croatian Department of Transportation to assume the logistic support project for the Port of Rijeka.
- SpartaMatrix, a Delaware Chartered US Domiciled Company, bought out MW Zander (a German Engineering Firm) and developed a Regional Economic Development Plan for Croatia.
- In 2009 SpartaMatrix was Licensed and Approved by the Croatian Foreign Investment Authority (Ministry of Defense) to provide the Infrastructure Logistics Component for the Region. Logistics Component for the Region.



Croatian Project Overview

■ The Croatian Advantage

- Strategic NATO Country
- Geographic Prominence
- Government Participation

■ Business Opportunities

- Green Energy Solutions to Existing Deficit
- Port Expansion and Modernization
- Banking and E – Commerce Hub
- World Class Logistics Center



Miklavija Logistics Center



MLC

MLC-Dual Purpose Zone



SpartaMatrix-MLC Port

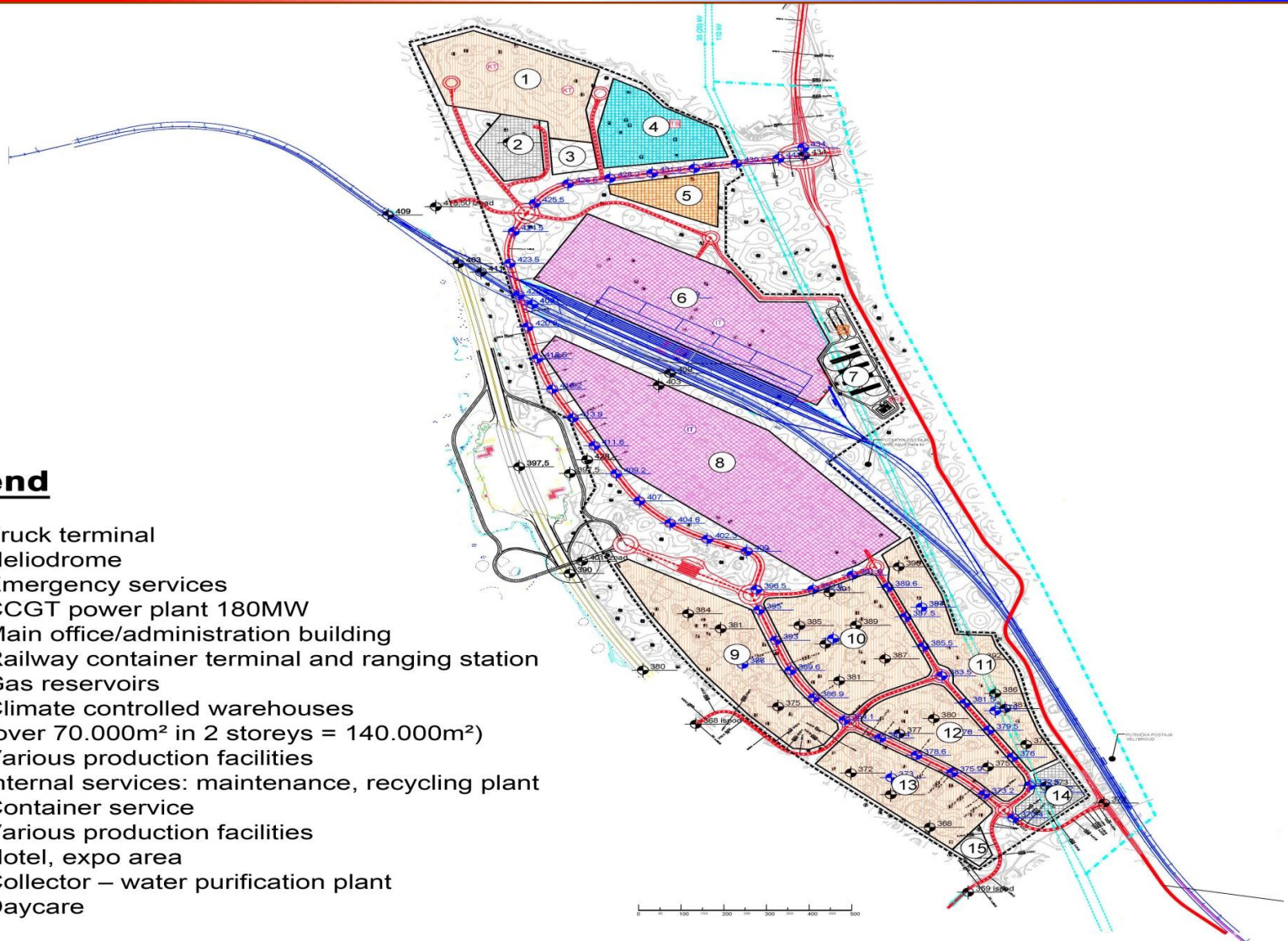
- ❑ Sparta Matrix is 55% owner of Miklavja LC, the Joint Venture Company formed to develop and operate the Multimodal(ship, train, truck, air) Logistics Service Center for the Port of Rijeka.
- ❑ Primorsko-Goranska County is the Government Agency Partner for the Port Expansion Project and is a 30% owner.
- ❑ AMA Zagreb is the Power and Energy Consultant to the Project and is a 12% owner.
- ❑ Rijeka Promet is the Government Organization Responsible for Transportation and Logistics for the City of Rijeka and the Surrounding Regions and is a 3% owner.



MLC-Rijeka Green Gateway Project

Legend

- 1 - Truck terminal
- 2 - Heliodrome
- 3 - Emergency services
- 4 - CCGT power plant 180MW
- 5 - Main office/administration building
- 6 - Railway container terminal and ranging station
- 7 - Gas reservoirs
- 8 - Climate controlled warehouses
(over 70.000m² in 2 storeys = 140.000m²)
- 9 - Various production facilities
- 10 - Internal services: maintenance, recycling plant
- 11 - Container service
- 12 - Various production facilities
- 13 - Hotel, expo area
- 14 - Collector – water purification plant
- 15 - Daycare



Economic Drivers in Croatia

- ❑ **Energy.** The key component in the economic development of Croatia is Energy. At this time Croatia is importing 30% of its power. This deficit will be overcome through the Green Energy Initiatives of SpartaMatrix, providing over 1.150 MW of clean energy that is guaranteed by Croatian Federal Law to be 100% purchased by the Government at a prescribed rate and/or to be sold on the free market to over 20 neighboring countries on the EU grid.
- ❑ **Information Systems.** There is a high demand for a secure data center in Croatia to handle the data processing and storage needs of the country. This includes providing systems and technology training, and the monitoring/balancing of the electrical grid for Croatia and the entire region.
- ❑ **Employment.** Unemployment in Croatia has created a large skilled labor pool. Consequently there is a tremendous opportunity to create up to 40,000 jobs in the manufacturing and skilled labor sector of the economy, thus reducing national unemployment by 3% in 18 months, and also substantially increasing the tax base in the areas where SpartaMatrix projects are housed.



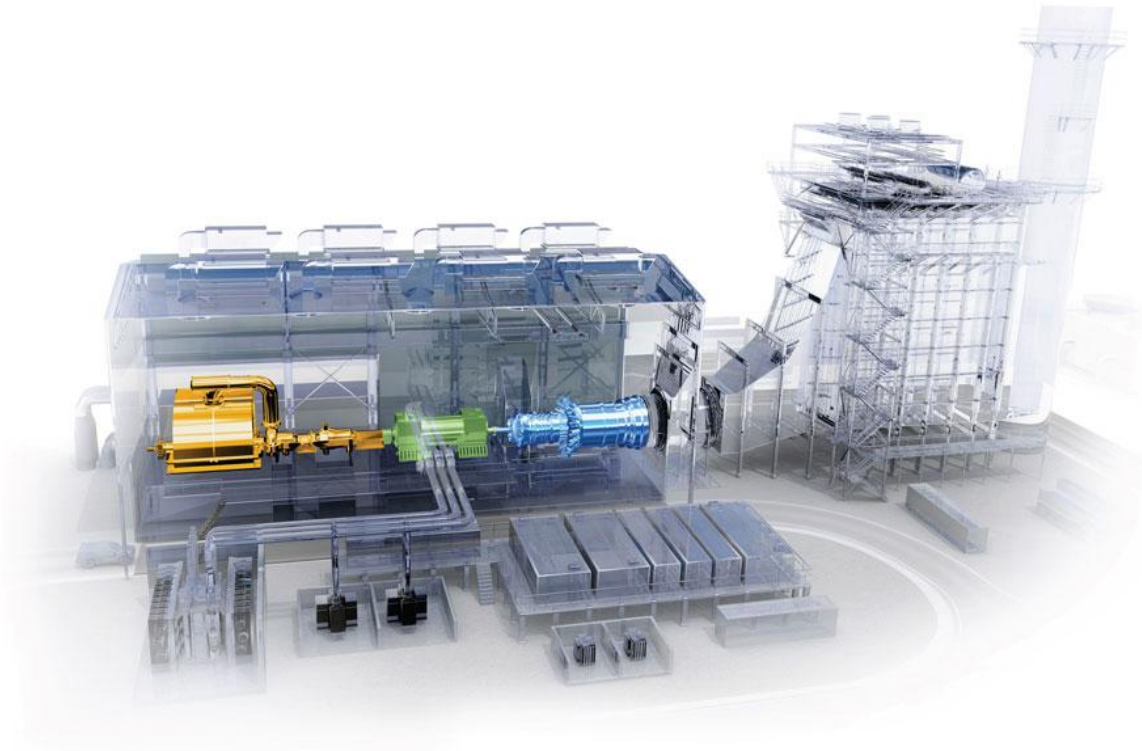
Rijeka Opportunities

- ❑ **Power Generation Facilities:**
 - ❑ **Rijeka: 250 MW Gas Fired Power Plant**
 - ❑ **MLC: 20 MW Roof Top and Ground Mounted Solar Facility**
 - ❑ **MLC: 30 MW Wind Turbine Complex**
 - ❑ **MLC : On site Battery Storage Facility**
- ❑ **Port Development – Technology & Logistics Systems**
 - ❑ Rijeka (Croatia)
 - ❑ Pula (Croatia)
 - ❑ Kopor (Slovenia)
 - ❑ Trieste (Italy)
- ❑ **Warehousing:**
 - ❑ Regional Distribution Center with Three Two Story Climate-controlled Warehouses totaling 3,000,000 square ft. Green Certified (for import/export manufacturers)
- ❑ **Operations Center & Frontier Village:**
 - ❑ Multipurpose Business, Residential, Retail & Commercial Complex.
- ❑ **Airport:**
 - ❑ 25% ownership in international airport for cargo/air freight



Rijeka, Port City of Croatia.

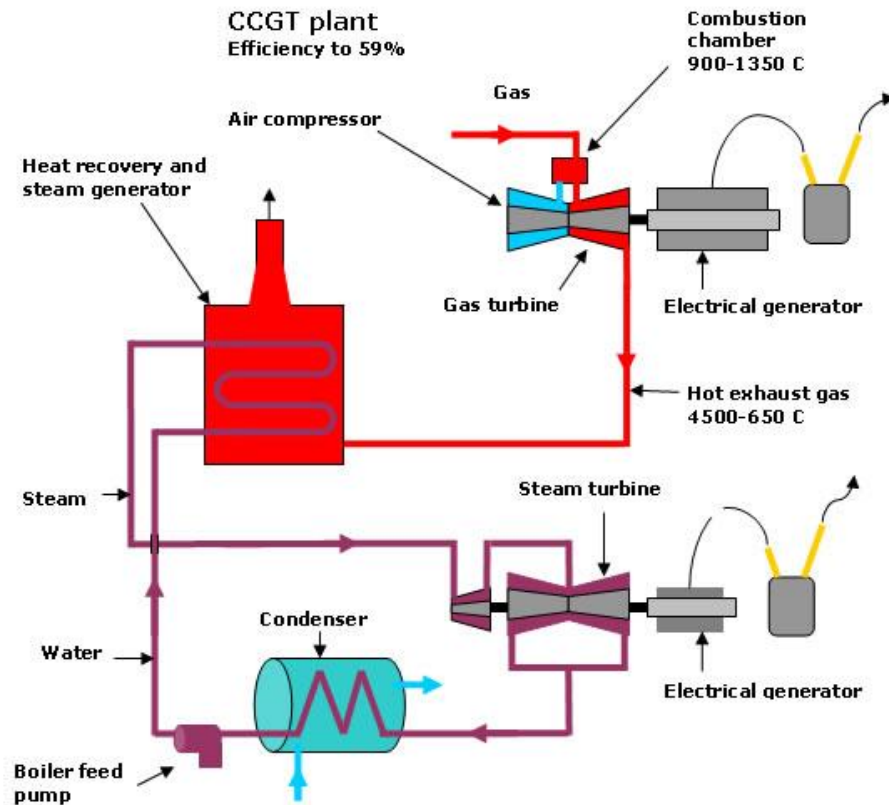
SpartaMatrix **Green Energy**



GE 5-11 Flexefficiency Power Plant

SpartaMatrix Energy

Combined Cycle Operation for Maximum



Rijeka Green Energy Program

*We have a **Three Pronged Strategy** to meet the immediate deficit in the energy supply of Rijeka and surrounding areas.*

- *First*, SME will capitalize on the opportunities for Solar and Wind Generated power on the MLC Site by constructing Warehouses and Multi Use Buildings that are self sustaining and contribute excess energy to the grid. (Operational in 12 months)
- *Second*, SME will incorporate battery storage facilities into the MLC site to maximize the utility of the Solar and Wind Generated Energy (Operational in 6-9 months)
- *Third*, SME will develop a 250MW Combined Cycle Power Plant, to meet the energy needs of the port and surrounding area. (Operational in 24-30 months)



MLC Warehouse Program

- The Warehouses will be Climate Controlled, Bonded, High Security Buildings which will be powered by Solar and Wind with Battery Storage. The Warehouses will cover approximately 50 acres of the site and generate an aggregate of 5MW of energy.
- The Warehouses will be built with a Steel Skeleton on a footprint of 500 x 1000 with insulated concrete panels. The interior of the Warehouses will be compartmentalized into 50,000 sf. and 100,000 sf. Units each with separate entrances and individualized security systems. The roofs will be Solar.
- A Green water retention, purification and storage facility will be built adjoining the warehouses.

SpartaMatrix **Warehouse Division**

Purpose Built Climate Controlled Complex for Rijeka



SpartaMatrix Warehouse Division

All Steel Frames for Maximum Strength and Flexibility



SpartaMatrix Warehouse Division

Insulated Concrete Wall Sections Cast in Place on Site.



SpartaMatrix Warehouse Division

Tilt-Up Panels for Rapid and Efficient Construction



SpartaMatrix Warehouse Division

Solar Powered for Maximum Energy.



REC Solar, Inc 2007 All Rights Reserved

SpartaMatrix Warehouse Division

Industrial and Medical Gasses at MLC



Vukovar-Opportunities

▣ **Power Generation Facilities:**

- ▣ Cherokee #1: 505 MW Gas Fired Plant
- ▣ Cherokee #2: 505 MW Gas Fired Plant
- ▣ SME: 10MW Roof Top and Ground Mounted Solar Facility
- ▣ SME: 20MW Wind Turbine Complex
- ▣ SME: On site Battery Storage Facility

▣ **Warehousing:**

- ▣ Two 500,000 sf. Climate Controlled Warehouses

▣ **Bio Fuel / Green Paper Plant**

SpartaMatrix Warehouse Division

Purpose built Climate Controlled Complex for Vukovar

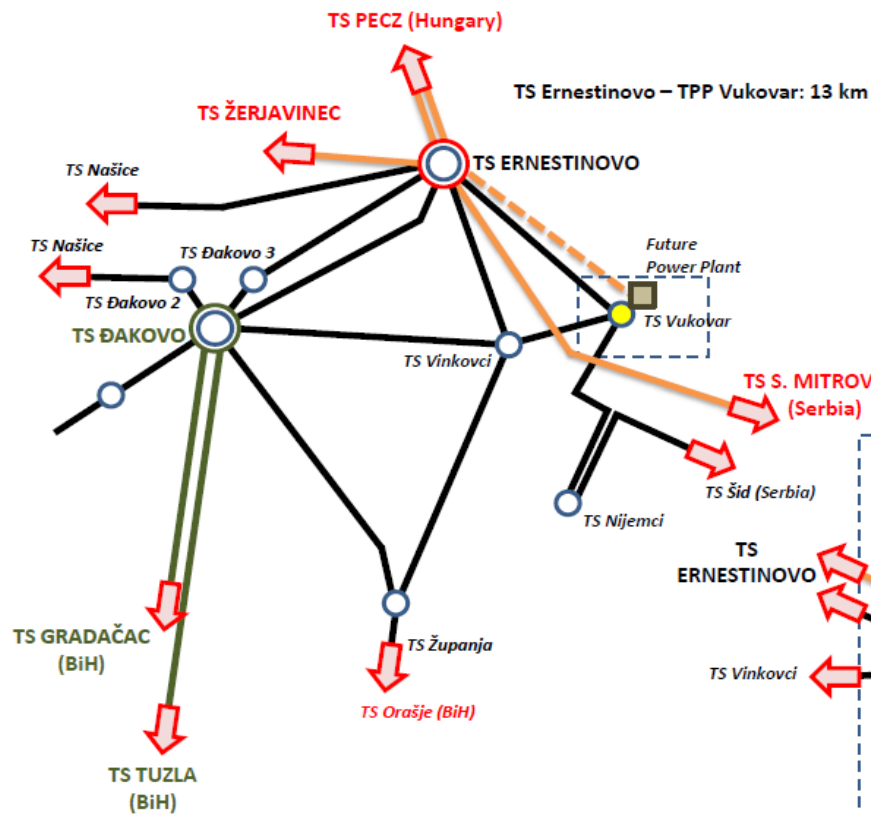


Vukovar Co-Gen Power

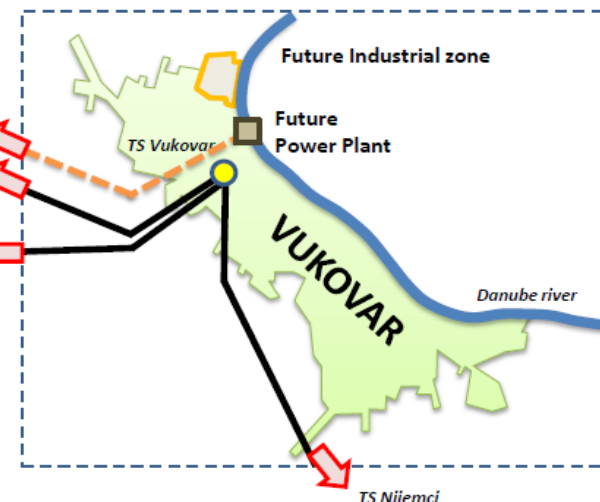
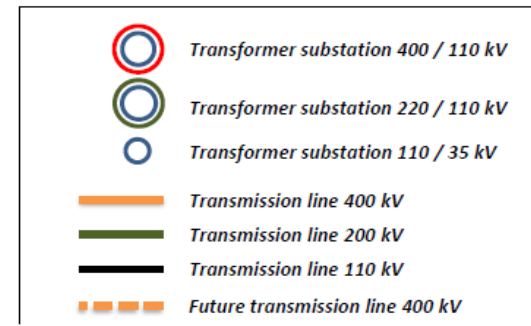
- ❑ In addition to a 250MW Power Plant in Rijeka to support the energy needs of the Port and the Community, Sparta Matrix Energy Inc. is the lead Developer two Power Plants near Vukovar in the Borovo Industrial Area.
- ❑ The project which lies along the Danube, encompasses two Power Plants. The first will generate 505MW and the second will generate 505MW.
- ❑ Both of the Power Plants will be Connected to the Grid and they will have the ability to meet the Energy needs of Croatia and Eastern Europe.
- ❑ Croatia benefits by purchasing the Energy Domestically and having Surplus Electricity to sell to the Grid.

Vukovar Power Project

TPP VUKOVAR



Connection to the grid



SpartaMatrix Energy Center

The heart of the Vukovar Project will be a Command Center to Monitor the transfer of power to the EU grid



Vukovar Power Project

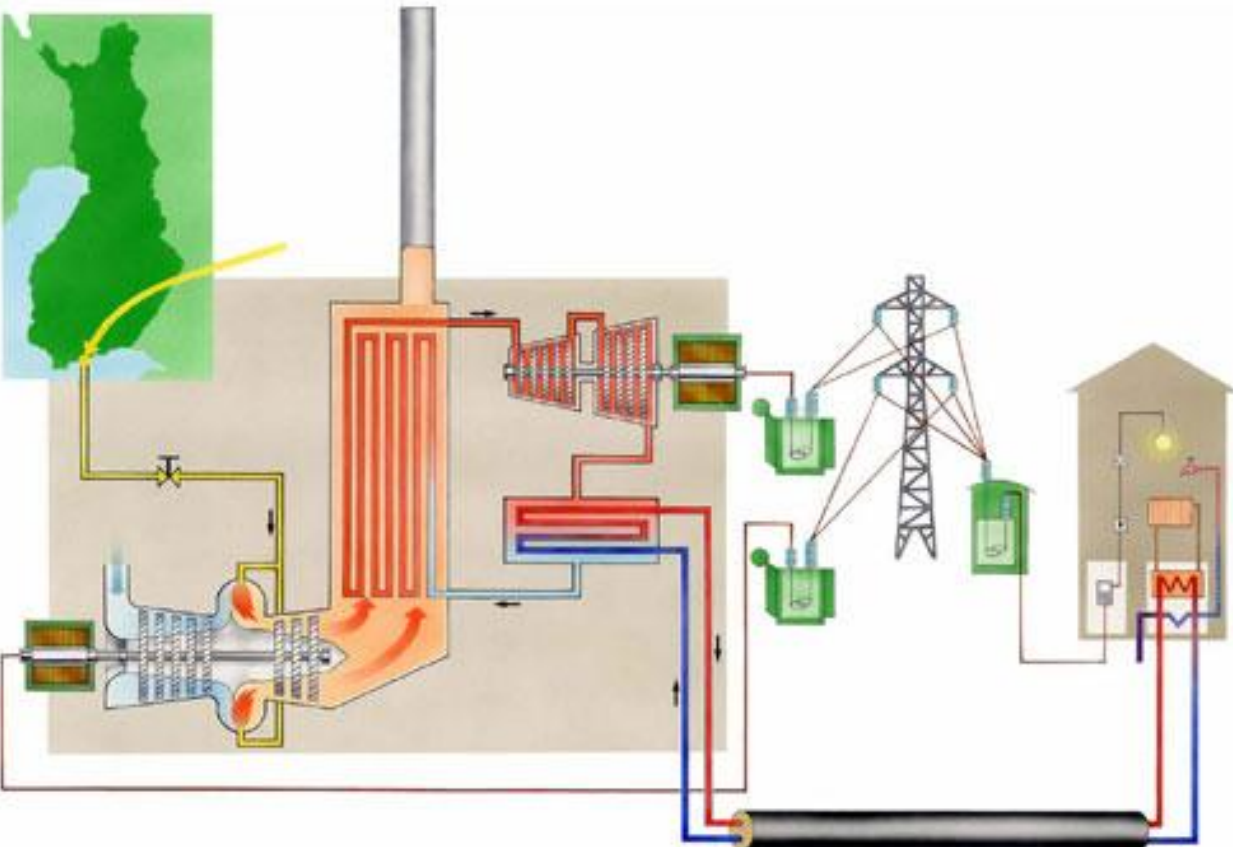
TPP VUKOVAR

Power transmission lines



SpartaMatrix **Energy**

Vukovar power will Supply excess energy to the grid.



Timeline: 2007-2012

- The Croatian Government in cooperation with a Foreign Investment Group has developed plans for a \$5,000,000,000 expansion of the Port of Rijeka.
- Sparta Matrix and MLC are prepared to begin work on three 1,000,000 sq ft Climate Controlled Warehouses and the Core of the Data Center. The Warehouses would be “Green” and have the ability to meet some of the immediate power needs of the Port. Initial investment required is \$120,000,000.
- Groundwork for the Power Plant in Rijeka can also begin at this time. Initial investment required is \$50,000,000.
- At this time the Borovo Site in Vukovar is subject to a purchase agreement between SpartaMatrix and the Vukovar Government. Completing this escrow will require \$7,000,000 for purchase of the nine parcels of land.

Favorable Financial Considerations

❑ **Energy Deficit 30%**

- ❑ Croatian Federal Law mandates 100% Purchase of all Green Energy generated
- ❑ Excess energy can be sold to the 'grid.' (20 countries, 500 million people)

❑ **Shortage in warehouse storage 2,000,000 square feet.**

- ❑ Rijeka Climate-Controlled warehousing 1.5 million sq. ft.
- ❑ Vukovar: Climate-Controlled warehousing 500,000 sq. ft.

❑ **Expansion of Port at Rijeka**

- ❑ Traffic from 250,000 TEU's to 1,500,00 TEU's per year, at Adriatic's deepest port.
- ❑ Modernization and expansion of terminals

❑ **Agriculture Expansion for Export**

- ❑ Livestock and Grain
- ❑ Fruits and Vegetables

❑ **Creation of 40,000 new jobs.**

- ❑ Rijeka and Vukovar
- ❑ Industry, Tourism, Agriculture.

Warehousing Financial Considerations

- Phase I: Development of MLC / SME Plan
 - Time Line 6 years
 - Miklavija Land Contribution \$870,000,000
 - SpartaMatrix Development Cost \$67,000,000
 - AMA Zagreb Power Concessions \$5,000,000
 - Rijeka Promet Transportation and Port Logistics \$1,500,000
 - COMPLETED 12/15/2011
- Phase II: Construction Phase
 - Time Line 36 Months
 - Projected Cost \$250,000,000
 - Exclusive of Land
- Phase III: Operations Phase
 - Miklavija will recover the cost of the land over a 10 year period
 - Warehouses to be sold or refinanced between years 3 – 5
 - Warehouse operations to be leased to a third party operator.

Warehousing ROI for Phase II

ROI for Phase II will be dependent on balancing the relationship of the potential equity investor with the long term commitments of the existing members of MLC.

There are two viable options:



Warehousing ROI for Phase II

- **First:** Project Financing with an exit within 24 to 60 months.
 - The value of the land for the warehousing and the development costs for Sparta Matrix would be a part of the overall equity.
 - The project finance group would contribute cash and an interest reserve to cover the construction loan from the bank.
 - If we assume a 70% LTV on a \$250,000,000 loan the required capital would be \$75,000,000 less the value of MLC's contribution.
 - The project finance group can expect a preferred rate of return of 7-8% with a 5% bonus on completion of the warehouses.

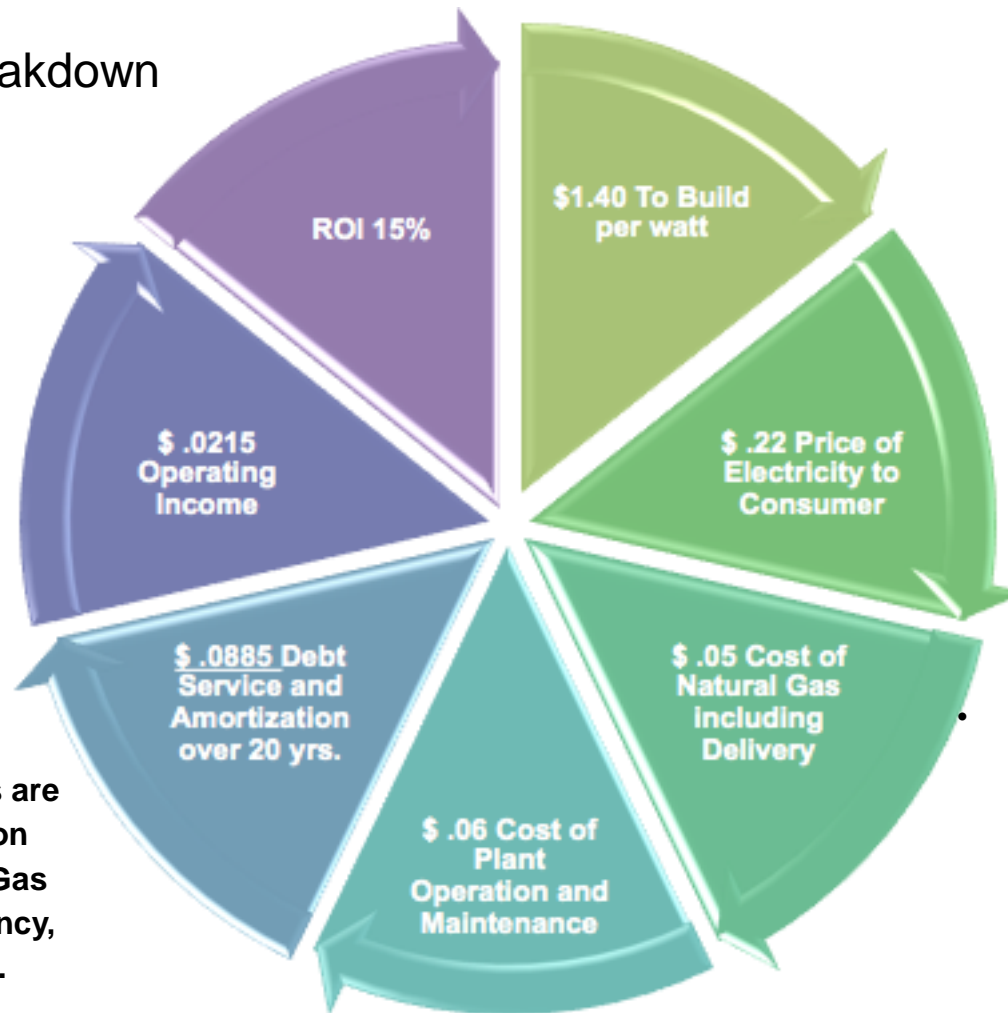
Warehousing for ROI Phase II

- **Second:** Long Term Partnership with MLC and ownership of the warehouses.
 - Once the warehouses are completed they will be leased and refinanced.
 - The project finance group will receive 8% cumulative return on the equity contributed and they will be entitled to a proportionate share of the proceeds from the sale of the warehouses.
 - With a 70% LTV, a bank rate of 3.5% to 4.5%, and a cap rate of 10% to 12% the ROI would be in the 18% to 20% range.

(Specific ROI calculations will be provided to each investor based upon their participation in the project)

SpartaMatrix Energy ROI

Income Expense Breakdown



- Value of Plant Upon Completion in 2yrs @ \$455,000,000. (Numbers are subject to final verification based on MW output of Gas vs. Steam, overall efficiency, and actual costs to build.)

- Assumptions: 250MW Combined Cycle Plant @ \$350,000,000 to build. Average cost per MW \$1,400,000.

SpartaMatrix Energy Solutions

- Rijeka Project Stake Holders
 - Government of Croatia (Natural Gas Reserves @ \$250,000,000).
 - City of Rijeka (Primary Feed Gas Pipeline New Construction \$4,500,000. Minimum 20 year easement for 10 miles of right of way \$10,000,000).
 - Tariff Free access to Primary Rail Line based upon Green Energy Project Components \$200,000.
 - City of Miklavja (30% interest in MLC: Land \$50,000,000; Utilities Upgrade \$75,000,000; and 20yrs Tax Abatement at \$2,100,000 per year.
 - SpartaMatrix Energy \$8,000,000 for R&D

SpartaMatrix Energy Solutions

- Total Project Value: \$789,700,000
- Less Current Stake Holders -\$439,700,000
- Construction Finance Needed \$350,000,000

- Note: SpartaMatrix Energy is currently seeking Cogeneration Energy System Providers / Co-Underwriting Partners to facilitate the placement of the balance of the Debt and Equity needed to Build the Project. Participation would be in the form of a Preferred Limited Partnership arrangement.

SpartaMatrix-Croatia

- ▣ SpartaMatrix/MLC is committed to working with the Government of Croatia and the various Stake Holders in the Region to moving the forward quickly.
- ▣ **Green Gateway Project**
- ▣ The Project will have a positive Economic Impact on the Region and will address the increasing Energy Demands of Croatia in a positive fashion.

Securing a Strong Partnership

