



## Q4 2020 Shareholder Update

December 31<sup>st</sup>, 2020

GACW is pleased to provide its fourth quarter and year-end update for shareholders and interested parties.

### **Fourth Quarter Summary (all USD):**

We want to wish everyone a Happy New Year and best wishes for health and happiness in 2021. To our shareholders, we thank you for your continued support and believe various strategic steps taken by the company during the last twelve months will produce results in 2021 leading to enhanced shareholder value. 2020 was a challenging year for everyone, but we are well-positioned for a very exciting 2021.

In the Q3 report it was mentioned that we were confident that a trial would be secured. We can now confirm that many prospective trials have been approved by our mining prospects in their 2021 budgets and correlating purchase orders (POs) are expected to start coming in over the next few weeks. Although we are still cautious on the global recovery, momentum is clearly building with confidence from miners to test the Air Suspension Wheel (ASW) technology. These miners are in Australia, Botswana, India, Canada, Brazil, and Chile, showing the truly global nature of our business.

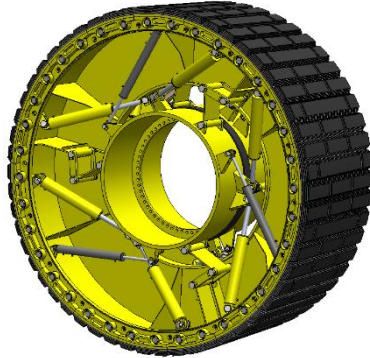
### **Q4 Highlights:**

- Pending Trials – As mentioned above, GACW continues to strengthen its relationships with global miners interested in testing the ASWs. Total potential orders from miners, through detailed discussions, exceeds \$5.5 million. Potential orders are to test wheels only and are not considered a commercial sale. Payment is our retail sales price, however 50% of the funds are held in escrow, pending a successful evaluation period of six (6) months during which time multiple Key Performance Indicators (KPIs) need to be met assessing vibration, lateral load movement, suspension deflection, braking, turning, handling, maintenance, cylinder performance and pressurization, tread longevity, and more. Upon meeting these KPIs, the balance of funds will be released to GACW. It is important to note that if the trial(s) are successful, mining companies have indicated they are eager to adopt the ASW into their various fleets.
- Engineering, design, and fabrication - OTR Wheel Engineering, our global fabricator for the pending trial orders has been a tremendous partner with a dedicated engineering team coordinating with GACW on all aspects of the ASW design. As GACW prepares for its first purchase orders, next generation ASWs have been strengthened, tread design enhanced and polyurethane

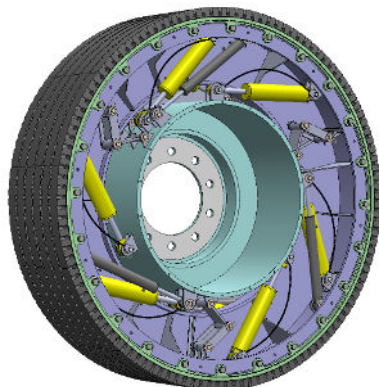


composition improved for reduced vibration. Mining customers will provide GACW with vehicle details to indicate exactly what clearance measurements are per vehicle. Many vehicles fit 3 or 4 sizes of wheels, which the smallest one will be selected by GACW to avoid clearance issues.

- Inventory Designs - Design, computer simulation, FEA have been completed on 793, 785, 777, 993 (shown left), and 992 ASW designs. 994 has been finalized with OTR (Off the Road) and ready for manufacturing. All wheel designs are sizes requested by miners. The FEA analyses included static fatigue and frequency checks on steel structures and elastomeric tread components.



- Long term debt – GACW successfully renegotiated our \$1.4mm secured loan, extending out the principal balance, 22 months, now due December 31, 2022. The loan is convertible at lender's option into common shares of GACW at \$0.315. The loan is secured by a Security Agreement filed with the USTPO on the company's patent portfolio. In connection with the new loan agreement, Mark Keenan, one of the lenders, will be taking a position on the Board.
- Over-the-Road Testing - Entered an informal joint venture with one of the largest rim manufacturers in the world for an **Over-The-Road** commercial vehicle test.



Under this paid for arrangement, GACW will deliver two (2) ASWs to be tested at a facility in Brazil. Fabrication of wheels expected to be completed in Q2. Zoltan's design of the over-the-road ASW is illustrated (shown left) and patent applications submitted. This is a very exciting project for GACW as the market for commercial vehicle wheels is nearly fourfold the Off-the-Road market and projected to reach reach \$152.4 billion in 2027 (Smithers.com/resources).

- Liquidity, Financing and Expenses – during the fourth quarter the company raised \$400,000 with another \$144,000 raised after year end. This round was closed on January 15, 2021. GACW ended the quarter with \$268,000 in cash (\$412,000 total). GACW has increased spending on engineering, design, strengthening our



patent portfolio and key personnel hires. Monthly burn rate for balance of 2021 is expected to be \$160,000 per month on average.

- GACW reported no revenue in 2020.
- December 31, 2020 total shares outstanding 14,909,071.
- Nexa Brazil Mine Challenge – From our Q3 report, out of 600 entries, GACW made it to the top 66. In the end, GACW was unfortunately not selected to the final 33 companies in the challenge. It was a valuable experience and another positive validation that the ASW technology is drawing attention within the mining community. It is unique, disruptive, and environmentally friendly. It was good exposure for the company. Like the Nexa Brazil Mine Challenge, the Expande Challenge in Chile was successful and has given GACW the opportunity to apply for a special application for the Centinela mine near Antofagasta to install ASW wheels for tire driven drum crusher, also known as agglomeration drums.



This drum has sixteen (16) truck size rubber tires (shown above) that are powered to rotate the drum. These tires will now be replaced by the 16-ASW (33" OD), reducing the risk of explosions or flats which can hamper the mine's ore production, causing serious production losses. The drum has dynamic load capacity of 12 tons, so pressure on pneumatic tires is immense. Once the ASW trial application proves successful, this could be a lucrative niche market for GACW. Additionally, the Centinela mine will commence a separate CAT 793 trial once the drum ASW meets the KPIs.



- Dispute Settlement - GACW settled a long-standing complaint from a previous contractor, Mike Ellingson, through arbitration, on a dispute for services rendered prior to angel investment in 2018. The case was settled by GACW agreeing to pay \$17,500 within 18 months and issuing 200,000 stock options in the company at \$0.50 per share. Mr. Ellingson is no longer affiliated with GACW.

#### **After year-end:**

- Second Round Financing - Commenced marketing \$1,500,000 offering at \$0.50 per unit. The company is confident it will announce shortly several purchase orders (mentioned at outset of this update) from some of the biggest mining companies in the world. Pre-money, valuation of GACW is \$7.45mm.
- Talent Acquisition
  - Hiring a full-time Director of Engineer. Details to follow.
  - Hired a part-time Business Development Manager, Tim Norris. Mr. Norris is a proficient senior account manager, and product development specialist with 20+ years of domestic and international experience in sales, management, business development, team building, operations, and leadership. Tim has already assisted GACW greatly with introductions to OTR Wheel Engineering, investors, and military contacts. Tim worked extensively in the commercial tire, material handling, mining, and military industries. GACW has multiple verticals to pursue and we can pursue a military contract for the ASWs to be tested as a potential replacement to run-flat tires. Tim's previous employment with Hutchinson Industries Inc., Defense and Mobility Systems (DMS), provides GACW with valuable access to that sector.
  - GACW hired (start date March 1) a part-time Government Liaison Consultant, Tim Bromelkamp. GACW sees Mr. Bromelkamp as an important consultant with connections into the military and key corporate clients that would potentially use the ASW, including Oshkosh Defense, BAE Systems, AM General and General Dynamics. His goal is to have the ASW incorporated into existing military vehicles as a retrofit, where it is feasible; and into new military vehicle designs that are in development. Furthermore, GACW will be given access to business connections and opportunities through the Army managers. Mr. Bromelkamp will seek out opportunities to apply for research and development grants and other funded opportunities to demonstrate the ASW technology.
- Distribution Expansion – In the process of signing a distribution contract in Botswana. Mining Safety Technology Botswana Pty. Ltd. has been instrumental in presenting the ASW technology to the largest mining group in the country, Debswana Diamond



Company (50/50 owned by The De Beers Group of Companies and the Republic of Botswana). Due to COVID-19, the start date for the trial had been delayed, however, a CAT 793 trial agreement is expected to be signed in the first Q21.

You as can see from the various relationships GACW has built, 2021 should be a pivotal and exciting year for GACW.

Thank you again for your support and patience as we move the ASW closer to a commercially ready technology with incredible market potential in various verticals. If you have any questions regarding this update, or the current offering, please contact me by email or phone.

Very sincerely,

*“Andrew Thomson”*

Andrew Thomson  
Vice Chairman

#### **About GACW**

GACW is a private engineering company based in Phoenix, Arizona. The company has invented, designed, developed, and field tested its main product, the ***Air Suspension Wheel*** (ASW) a revolutionary non-pneumatic mechanical wheel assembly for use in the Off-The-Road sector. Several other verticals for the technology exist and many of these are being pursued, such as commercial vehicles, military, and construction, but the company has seen the biggest interest and need from the mining industry. The main reason for this is that the ASW solves a major issue for global miners – tire overheating on long distance hauls. Moreover, conveyors belts and rail systems, a solution, come at a staggering expense to miners and require constant maintenance. The ASW is a real and viable solution.

The Company is led by Zoltan Kemeny, PhD., a prolific inventor, and holds diplomas in structural dynamics engineering and seismology. Zoltan has written and co-written over 250 patents in various fields of expertise.

GACW has a highly qualified management team with extensive experience in engineering and design, capital and financial markets, and global marketing and sales.



## **FORWARD LOOKING INFORMATION**

Certain information provided by GACW in this Shareholder Update, and other documents published throughout the year which are not recitation of historical facts may constitute forward-looking statements. The words “may,” “would,” “could,” “will,” “likely,” “estimate,” “believe,” “expect,” “plan,” “forecast” and similar expressions are intended to identify forward-looking statements. Readers are cautioned that such statements are only predictions and the actual events or results may differ materially. In evaluating such forward-looking statements, readers should specifically consider the various factors that could cause actual events or results to differ materially from those indicated by such forward-looking statements. Such forward-looking information may involve important risks and uncertainties that could materially alter results in the future from those expressed or implied in any forward-looking statements made by, or on behalf of, GACW. Some of the factors and risks and uncertainties that cause results to differ from current expectations include, but are not limited to, changes in the competitive environment in which GACW operates, fabrication outsourcing and insourcing; sources and availability of raw materials; labour markets and dependence on key personnel; dependence on certain customers and product programs; technological change in the sectors in which the Company operates and by GACW’s competitors; delays in or operational issues with product launches; foreign currency risk; ASW testing agreements that are not guaranteed; foreign business risk; public health threats; cyclicalities and seasonality; legal proceedings and insurance coverage; credit risk; weather; capital and liquidity risk; tax laws; securities laws compliance and corporate governance standards; fluctuations in interest rates; environmental and safety regulations; trade and labour disruptions; world political events; pricing concessions to customers; and governmental, environmental and regulatory policies. The foregoing is not an exhaustive list of the factors that may affect GACW’s forward-looking statements. These and other factors should be considered carefully, and readers should not place undue reliance on GACW’s forward-looking statements. GACW assumes no obligation to update the forward-looking statements, or to update the reasons why actual results could differ from those reflected in the forward-looking statements.