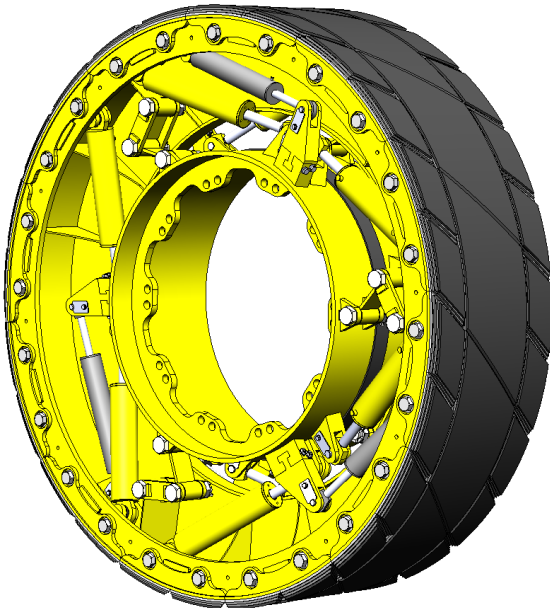




Q2/20 Shareholder Update

June 30th, 2020

GACW is pleased to provide our second quarterly update for shareholders and other interested parties. The world is still navigating through the COVID-19 pandemic. Although certain parts of the global economy are relaxing restrictions, we are seeing firsthand the delays the virus is causing. Many mine sites are still shutdown and capital budget decisions are being postponed. Despite these ongoing headwinds, Q2 has been busy for GACW.



| | |
|-----------|-------------------|
| Design: | CAT 793 Truck ASW |
| Diameter: | 13' |
| Weight: | 17,960 lbs |
| Treads: | PU |
| Replaces: | 40.00R57 |

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 for use in the Off-The-Road sector. Several other verticals for the technology exist, but the company has seen the biggest interest and need from the mining industry. The main reason for this is that ASW solves a major issue for global miners – tire overheating on long distance hauls. Moreover, conveyors belts and rail systems, a possible solution, come at a staggering expense to miners and require constant maintenance. The ASW is a real and viable solution.



The ASW is still in a research and development stage, pre-revenue, and pre-commercialization. This is going to change and is expected to have revenue in Q3/Q4. Advancements in design from testing has attracted global miners with advanced discussions ongoing for purchase and testing at various mine sites around the world.

The Company is led by Dr. Zoltan Kemeny, a prolific inventor, and hold diplomas in structural and dynamic engineering, seismology, and architecture. Dr. Kemeny 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.

Second Quarter Summary:

The main areas of progress during Q2 were in funding discussions, wheel design, distribution agreements and potential test sites.

Fund Raising Efforts

During Q2, GACW received one (1) email term sheet from a Canadian mining investment fund, for an investment of \$2 million USD, subject to another strategic industry investor coming in for an additional \$2 million USD. The terms of the offer are still under discussion.

Concurrently, GACW has another legally written non-binding Term Sheet from an Australian mining investment fund for \$3.5 million USD.

Both offers are being reviewed by the Board and we are hopeful to secure funding from one of these strategic groups early in Q3 2020.

Lastly, an Australian investment fund has expressed serious interest in GACW and upon successful testing of the wheels in 2020, has indicated they will invest. Terms have not been set.

GACW raised \$74,000 USD during the quarter for general working capital and payroll. As of the day of this update, the company has \$104,000 cash.

Wheel Design

Our engineering and design focus has been on the CAT 785 and 793 wheels. Additionally, the very common CAT 994 loader wheel size has been engineered and the CAT 777 wheel has been reengineered with extensive Finite Element Analysis (FEA) applied to all components. We added dampers to the loader wheel to reduce vibration.



Loader wheels are configured with cast steel and rubber tread options. All wheels now have stronger lateral resisting collapsible structures. We designed serrated shear transfer sleeves with collars around all bolts with Belleville springs to vibration proof the walls and treads. GACW hired a third engineer to assist with the designs.

Distribution Agreements

Australia

GACW signed Brownfield (www.brownfield.com.au) as exclusive distributor for Australia. Through Brownfield, a Tier 1 miner in Australia has verbally committed to a test ten (10) wheels on a belly dump truck (6x 27.00R49 and 4x 33.00R51 wheel size) for one of their coal mine sites. Another Tier 1 Australian miner wants to test the 785 wheels on their Papua New Guinea mine site. Together with Brownfield GACW is working out the details. Brownfield is in advanced conversations with three (3) other Tier 1 miners for trials. Brownfield applied for the Austmine Innovation Program by BHP ([Supplier Innovation Program](#)). The SIP could be a very lucrative opportunity for GACW, since this will be a funded trial by BHP and its partners, for the ASW technology. Additionally, it will bring a huge spotlight onto the wheels, attracting many more mines towards the product.

GACW has been invited to present the ASW to the Earth Moving Equipment Safety Round Table (EMESRT) Tire and Rim Fatality Work Group. EMESRT is a global initiative involving major mining companies such as Alcoa, Anglo American, BHP, Glencore, Rio Tinto and TECK. EMESRT engages with key mining industry Original Equipment Manufacturers (OEMs) to advance the design of the equipment to improve safe operability and maintainability beyond Standards. Tires and the related issues have been defined to be one of the five major safety problems that needs to be focused on in mining. GACW has also started conversations and created great interest with the Australian Department of Mining and Petroleum to have the ASW analyzed and recommended for use at mine sites. Environmental and safety concerns are continuing to push government agencies to look for viable options to alleviate these concerns.

Mexico

Mountar (previously known as Bailac, (www.mountar.net)) has signed on with GACW as exclusive distributor in Mexico. They have presence in most Tier 1 mines. Fresnillo (with the previously signed purchase order) verbally committed to trial a CAT 789 truck and CAT 994 loader. Together with Mountar, GACW is working out the details of the project for 2021. Mountar will present the project proposal to the largest Mexican gold mine within the next month.



Chile

Several major miners in Chile have interest in ASW trials, however, they ask for patience until September (also the end of the winter there) because in Chile, the Covid situation is at its height.

Canada

Final legal work is being completed for an Exclusive Rights and Marketing Agreement with Canadian Air Cylinder Wheels Corporation (CACW), a wholly owned subsidiary of GACW. At present, GACW is in advanced discussions with a major Canadian miner, at two different mine sites, for possible trials with a 793 and/or 994 loader.

Other Potential Trial Sites

- GACW has a non-binding agreement with a major German Mining Vehicle OEM to run a test on a ¼ scale model in their laboratory and field test at their US facility. GACW is in advanced conversations with their chief vehicle engineers.
- The largest Diamond Miner in Botswana has indicated that they will trial the CAT 793 (40.00R57) size ASW at their major diamond mine.
- The largest Brazilian Miner is slowly starting up after the Covid shut down and the first new project before the end of 2020 is expected be a 793 truck and 994 loader combo trial.

Considering GACW is still pre-revenue and testing wheels, miner interest continues to grow. Our potential sales pipeline of ASW wheels for 2020 and 2021 currently stands at 54 for various sizes.

Fabrication

In addition to SpringsFab, our current manufacturer, GACW is pursuing additional manufacturing capability both in the United States and globally. GACW is in advanced discussions and we hope to announce further fabrication capacity in early Q3.

Conclusion

The COVID-19 situation is negatively affecting many businesses and the mining industry is not immune. Despite gold prices at highs not seen since 2012, many mines around the world have been closed due to the virus and are just now reopening. Travel has been grounded and much of our capital raise efforts and trial negotiations has been through



video conferencing. The distribution agreements we have in place in Australia and Mexico are already showing major benefits for GACW with extensive relationships that would have taken years to develop. As set out above, we are confident we will have at least 2 –3 trials running before year-end, paid entirely by our mining customers.

GACW thanks all the shareholders for their continued support and looks forward to an exciting second half of 2020. In the meantime, I provide for you below Zoltan's impressive design for the 994 Loader Wheel, a 13' diameter wheel with steel treads and greatly improved restrainers.

Very sincerely,

A handwritten signature in black ink, appearing to read 'Andrew Thomson', written in a cursive style.

Andrew Thomson
Vice Chairman

