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INVESTING IN PEAT HARVESTING AND PROCESSING ENTERPRISE

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We are pleased to present the world's first ICO project aimed at financing an already successfully operating real economy enterprise. The fund-raising goal is to support expansion and increase in production capacity of an already existing enterprise. Financing by purchasing PeatCoin tokens will allow investors around the world to participate in funding of an operating enterprise and earn guaranteed income. PeatCoin cryptocurrency tokens will be issued within Ethereum software framework.

Problem

For the moment, access to investments is the main issue of concern for small and medium-sized companies. Expensive banking products and small funding amounts offered by investment and venture funds encourage businesses to look for alternative ways to attract investments.

Besides, small investors are deprived of the possibility to invest in promising and innovative companies, since the entry barrier in this market is too high. At the same time, we believe that small and medium-sized companies can definitely become the driving force of economic growth and development.

Solution

The global goal of our company is to create a group of companies from various economy sectors (please see Investment project and Medium-term development and prospects). We are confident that crowdfunding via smart contracts will allow us attracting funding for our projects more effectively and quickly.

On the other hand, private investors will have an opportunity to invest directly in developing enterprises and industries, as well as in large projects, and to obtain significant profits having early project entry and transparent ways of profit taking (please see Profit taking).

Ecoprom LLC (Torfyanaya Polyana™) has been active since 2015 and is by far the most modern and high-tech enterprise in the Russian Federation involved in peat extraction and processing. The company extracts peat at the Chistoye field located near Ozerny town, Rezhevskoy district, Sverdlovsk region.

Ecoprom LLC is the only company in the Russian Federation that has obtained certification and membership by the International Peatland Society / peatsociety.org. Additionally, our company has received fair recognition and recommendations from Ural Branch of the Russian Academy of Sciences.

We are also proud to be a member of the Russian Nursery Stock Association / ruspitomniki.ru. We cooperate with Siberian Research Institute of Agriculture and Peat as well as Ural Branch of the Russian Academy of Sciences.

The project has already received funding in amount over \$16,000,000. The enterprise has been built from scratch — from arrangement of infrastructure, construction of roads, power lines, buildings and structures to acquisition of the most hi-tech equipment from Canada (Premier Tech) and Finland (Suokone).

The Russian Federation ranks first in the world for the total fossil peat reserves, having 40% of the world's reserves. Peat based soils have been used and still remain an ideal cultivation medium for vegetables, flowers and mushrooms. The Chistoye field has an area of 880 hectares and its reserves are estimated at 20 million m³, with the possibility of expanding up to 80 million m³.

Ecoprom LLC owns the land plot of the Chistoye field with the title of subsurface use and, as well as has the right to extract minerals (peat) for 25 years.

License SVE 07556 TE / sobr.geosys.ru.

“Hobby farming” market

/ 2.5-50 litres packing

Packaged peat mixtures for personal farming and floriculture, packaged soils for retail networks operating under own brand and under the customer’s brand.

“Professional” market

/ 50-250 litres packing

Professional soils for large nurseries, agro-industrial enterprises, garden centres and greenhouses, casing soil for mushroom cultivation, soils for land improvement, golf clubs, as well as landscaping materials.

Our products benefit from:

Modern equipment

The unique equipment by internationally recognized manufacturer allows to extract and process peat with maximum efficiency.

Adherence to technology

High quality properties of peat products are achieved through the use of modern highly researched technologies.

Unexploited field

The site has never been used for peat extraction, which preserved its primary structure and value.

Automation

All cycles of the production process are fully automated.

Ecoprom LLC has delivery contracts with countrywide retail networks such as OBI, AUCHAN, Monетка, Lenta and others.

The use of modern high-tech equipment manufactured in Canada and Finland ensures compliance with all the production process requirements during peat extraction. Peat sampling and analysis is performed on regular basis. Quality control is carried out constantly and covers the whole production area and stages.



1. Milled peat extraction

Peat is extracted using the most environmentally friendly method – milling. By using this method, labour costs, production costs, and, most importantly, environmental impact is greatly reduced. Therefore, peat deposits are developed in thin layers, rather than directly at full depth. The new field requires performing stripping operations: removing trees, bushes, surface grass and moss layer to a depth of 150-300 mm. Further operations include draining of fields and preparation of production areas.

The milled peat production process, which is the raw material and needs further processing, is divided into additional 3 stages:

1. Extraction of fragmented peat by milling the surface layer to a depth of 5 to 20 mm.
2. Milled peat drying at the production sites to ensure the required humidity level.
3. Stacking of milled peat.

2. Manufacturing of finished products at the peat processing facility

- Transportation of milled peat piles to the processing facility located 2 km from the extraction site;
- Cleaning of milling peat from branches, wood waste;
- Separation of finished clean peat into fractions for different consumers (from 5-10 mm to 60 mm);
- Adding ingredients to peat depending on the recipe;
- Packaging in 2.5 l to 6 m3 packing depending on the sales plan.

The existing equipment allows extracting peat from one third of the Chistoye field surface area, which roughly corresponds to 250,000 m3 of peat per year. This production volume is expected to be reached in 2018 (without additional funding). However, if the entire area of the site designated for extraction will be developed, the annual volumes of peat extraction can be increased to 750,000 m³.

Forecasted sales distribution by markets, taking into account production increase to 750,000 m³ per year

80 THOUS.
M³

"Hobby farming"
market in the
Russian Federation

110 THOUS.
M³

"Professional"
market in the
Russian Federation

560 THOUS.
M³

Export

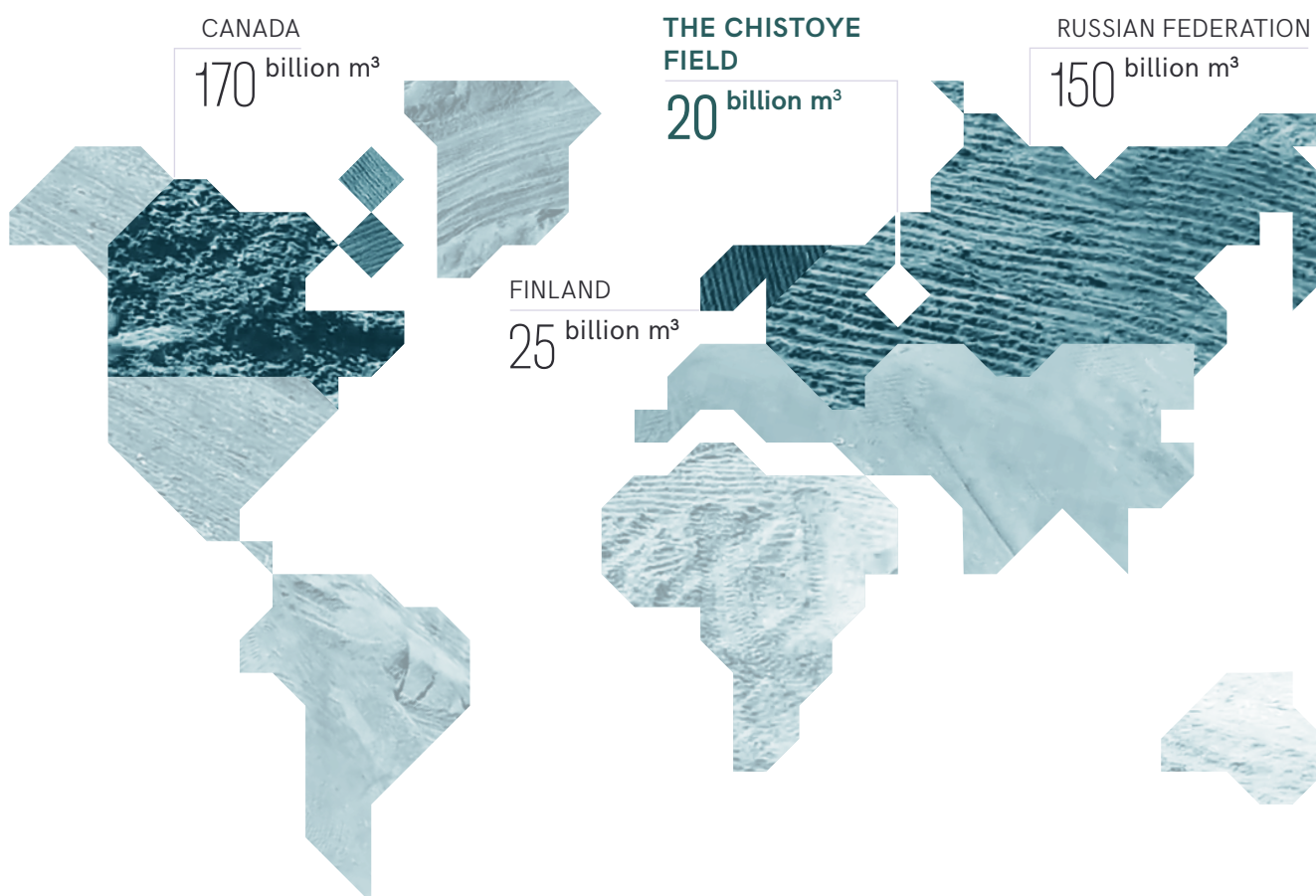
Geographical location

Currently, the Chistoye field is the easternmost peat field with comparable reserves, which gives advantages to our company for supplying products to the Middle East and Southeast Asia markets.

Sales markets

The Middle East and Southeast Asia countries, as well as China, have limited access to fertile soils, and the entire agricultural sector is based on imported fertile soils. Population of countries of Southeast Asia is 599 million people, the Middle East – 172 million people, China – 1.38 billion people, which makes up the total potential sales market of about 2.15 billion people.

World peat reserves



Business contacts. Engagement agreements

At the moment, we already have long-term contracts for peat supply with agricultural producers in China and South Korea. Our company works in close cooperation with the Sverdlovsk region Chamber of Commerce and Industry and we have preliminary agreements for the supply of our products to Heilongjiang province farmers in China.

The main sales channel for our products is export deliveries, which is associated with the interest in our products shown by foreign customers. For example, mushroom growing enterprises of a single China province require supply of casing soil (peat) in the amount of 4 million m³. For this reason, considering real demand and realizing that our company will not be able to satisfy all incoming requests for our products, we need to increase the production volumes.

Supplying peat to Southeast Asia countries allows solving food security issues in this region, since all agriculture is based on imported fertile soils, which are currently exported from Germany, Finland and the Baltic States. Due to our favourable location and, consequently, lower logistics costs, our products will be more profitable for import. At the same time, our equipment allows efficient mixing of peat mixtures with the addition of fertilizers up to 5 g/m³.

Export deliveries will be centred around base peat, cleared of impurities and acidity corrected. This product type is ideal for use as a base soil in agricultural enterprises, where the producers add the desired fertilizers by themselves.

To date, we are expertly assessing the capacity of the Russian Federation market, broken down by sub-markets, as follows:

1 mln. m³

"Hobby farming"
market

2 mln. m³

"Professional"
market

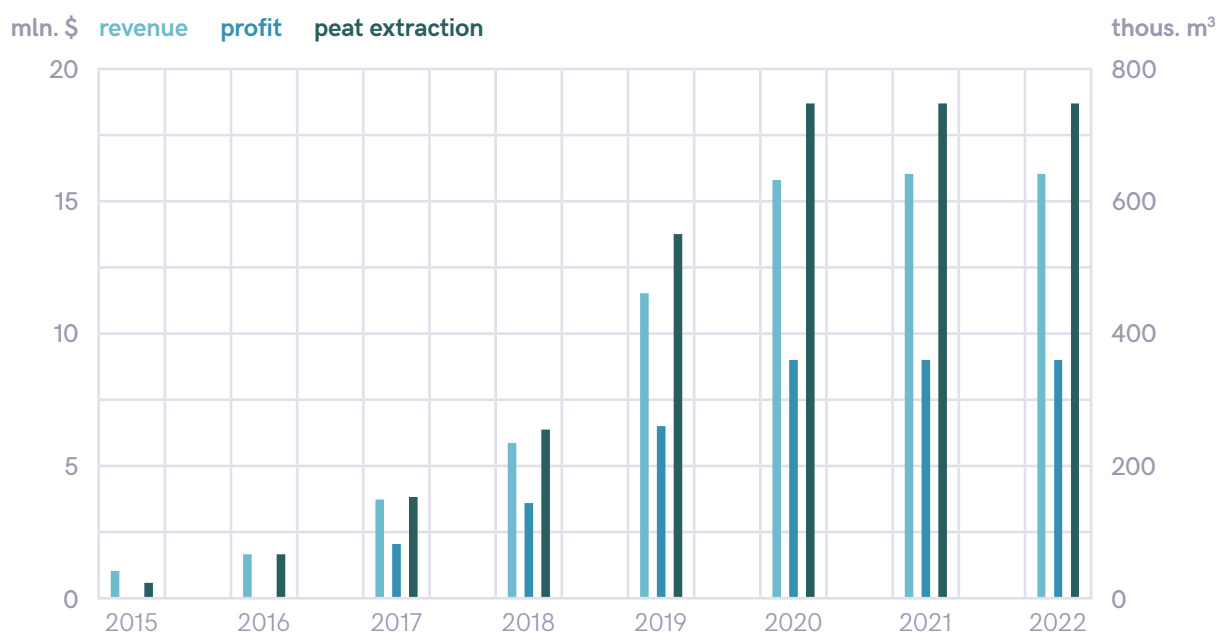


COMPANY'S OPERATION RESULTS AND DEVELOPMENT PLANS

9

Peat extraction and processing has been launched in 2015 in test mode. In early 2017 the company has reached 65% of the production capacity.

Volume of peat production and finished products sales, development plan



Economic indicators

The average cost of 1 m³ of peat (base raw material) makes approximately \$16. The cost of production and processing, including overhead costs, is \$7. Thus, the net income from selling 1 m³ of peat (base raw material) makes \$9, i.e. about 56% of the company's revenue.

Price \$16 – C/C \$7 = Profit \$9 – 56%

If the hard cap is reached, the company will reach an annual production volume of 750,000 m³ of peat in 2020, which corresponds to \$12,000,000 at current prices. The annual profit (before taxes) is estimated at \$6,720,000 per year, and at least 60% of this amount will be used to reacquire PeatCoin tokens from the market.

Revenues:

16 \$ × 750 000 m³ =
12 000 000 \$

Прибыль:

12 000 000 \$ × 56% =
6 720 000 \$



Investments distribution

Increasing the volumes of peat extraction and further processing to 750,000 m³ per year requires investment of \$9 millions.

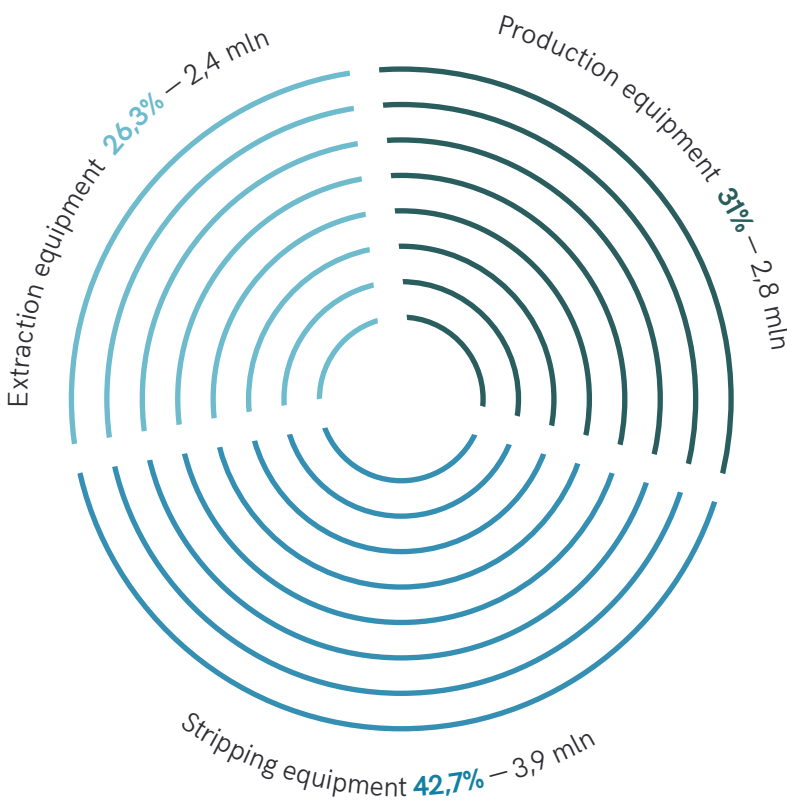
The attracted funds will be invested in the purchase of additional equipment (including delivery, installation and commissioning):

The equipment for stripping operations and peat field preparation for milled peat extraction will cost \$6,246,000.

Modernization of peat processing facilities:

- purchase of a new production line for blending fraction mixtures with 2.5 to 70 litres packing intended for the "hobby farming" market;
- full automation of product palletization processes for the "hobby farming" market;
- increasing capacity of the scanning line (milled peat cleaning) up to 150 m³ per hour (currently 100 m³ per hour);
- purchase and installation of a big bale packing line, to provide convenient packing for large consumers and export deliveries;
- construction of an additional new building with infrastructure and area of 2000 m².

The total amount of investments in equipment is estimated at \$2,806,000.



The total amount of required investments is \$9,000,000, excluding investments in working capital

Hard cap — \$10,000,000

Soft cap — \$1,000,000

Based on the investment amount and expected profit, the payback period is estimated to be 1.5 years

In case the amount of funds raised will be less than the declared hard cap, the effect of investments is scaled down proportionally

Equipment purchases, depending on the collected funds:

Cap, thous. \$	Machinery, units	Pneumatic peat harvesters, units	Attachable equipment, units	Investments in production modernization, thous. \$
1 000	5	3	0	0
6 000	16	6	18	2 100
10 000	33	15	34	2 800

The minimum investment required (soft cap) is \$1,000,000, which will allow to expand production to 350,000 m³. If the amount of attracted investments will be less than the declared soft cap, the funds will be returned to investors upon completion of ICO.

Production growth forecast depending on the collected funds



For ICO purposes, 17,500,000 PeatCoin (PTN) tokens will be issued. PeatCoin is a derivative secured by peat. 10 PTN = 1 m³ of peat.

Each PTN owner can exchange their tokens for peat in a rate of 10 PTN per one cubic meter.

The project of Ecoprom LLC production facilities modernization includes the following stages:

1 STAGE

Conducting Pre-ICO – Q1 2018

As part of Pre-ICO, investors will be offered to purchase 1,400,000 PeatCoin tokens at a price of \$0.5 per token. Pre-ICO is expected to raise \$700,000. The raised funds will be spent on the marketing campaign.

2 STAGE

Fundraising (ICO) – Q2 2018

Within the basic sales round, PeatCoin price will vary depending on the project entry time:

Week 1	Week 2	Week 3	Week 4
ICO 1 PTN = 0,7 \$	ICO 1 PTN = 0,8 \$	ICO 1 PTN = 0,9 \$	ICO 1 PTN = 1 \$

After the fundraising campaign completion, PeatCoin tokens will be available for trading at the exchange.

Since Ecoprom LLC has already operating production facilities, PTN tokens can be exchanged for a corresponding volume of raw peat at a rate of 10 PTN per 1 m³ of peat (exchange will be held with minimum increments of 1 m³) immediately after ICO completion.

Attracted funds distribution:

90% of the raised funds will be allocated to modernization of the production process (equipment purchases)

10% of the raised funds – marketing company bonuses

Token distribution:

88% – investors

10% – from PTN sold during ICO – project team

2% – from PTN sold during ICO – bounty campaign

Undistributed tokens will be destroyed

3 STAGE

Equipment purchases. Q3 2018 — Q3 2019

Purchases of additional equipment and machinery are planned to increase peat extraction volumes and upgrade the company's peat processing facilities.

Equipment for site preparation for stripping, stripping and peat extraction equipment will start operation from the beginning of summer 2019.

4 STAGE

Q2 2019 — (reaching the maximum production volume) Q2 2020

Commencement of stripping operations in undeveloped areas of the Chistoye peat field. Installation of the delivered equipment, start-up and adjustment works, beginning of the peat processing process.

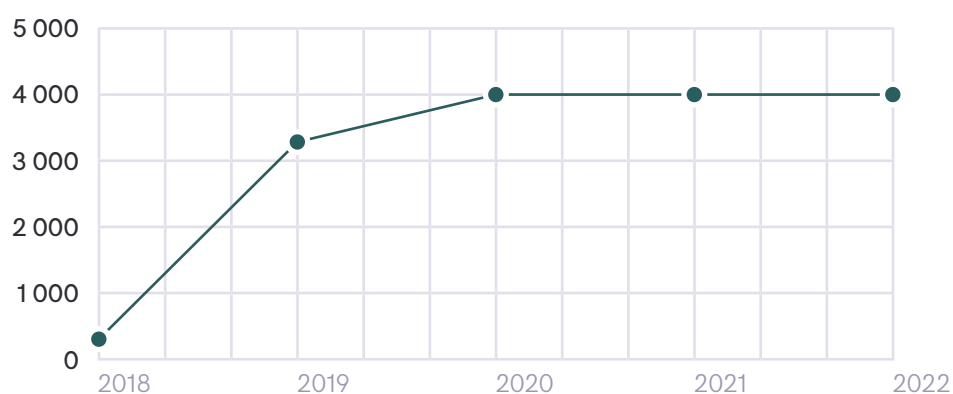
Progress report.

Token reacquisition will be initiated in September 2018, 4 months after ICO, in the amount of at least 60% of the company's profits for the next 5 years.

Tokens will be repurchased at market value at the time of reacquisition, but not less than \$1.6 per token. Thus, if the token price on the exchange goes below \$1.6 per token, then reacquisition will be held at a price of \$1.6 per token.

In case the hard cap is reached, and, consequently, peat extraction reaching 750 000 m³ per year, the guaranteed amount allocated for reacquisition of tokens from the market will be as follows (in US dollars):

Reacquisition, thous. \$



The total guaranteed amount, which will be used to reacquire PTN tokens from the market, is \$15,500,000, in case the hard cap is reached.

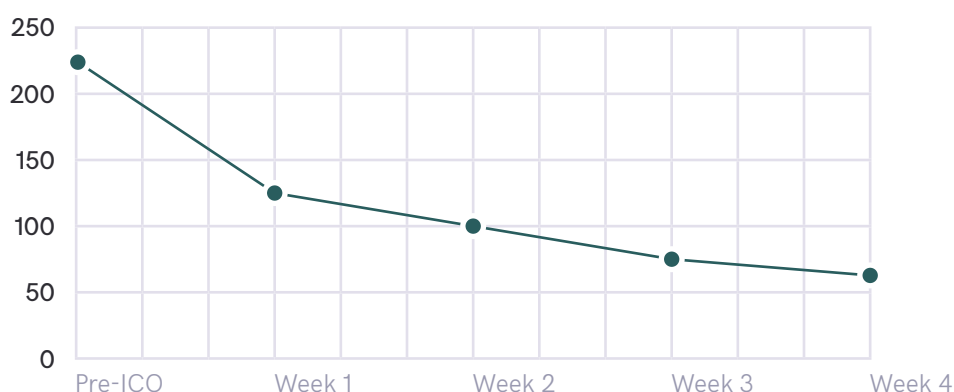
If the raised funds amount is below the hard cap, the guaranteed reacquisition amount will be reduced proportionally.

After 5 years, Ecoprom LLC will continue buying its tokens at market value until all issued tokens are reacquired.

All purchased tokens will be nullified after reacquisition.

Investor's income will make at least 60% in case of the minimum price at token reacquisition. At that, reacquisition procedure will increase liquidity in the market, thereby stimulating token price growth.

Guaranteed investor profit %



Investors can take profits in several ways and at any time after ICO completion:

Trading tokens on the exchange

The token price will grow at least to the guaranteed reacquisition price — \$1.6. Proceeding from the fact that our project entry price is lower than the specified guaranteed reacquisition price, the investor is guaranteed to earn certain amount of profit (please see the above Graph).

Trading tokens on the exchange during reacquisition

After launching the project (please see Project implementation stages) and commencement of the reacquisition procedure (please see Schedule of token reacquisition by half-year periods), the token price will grow due to favourable news background and additional liquidity arising as the guaranteed buyer, Ecoprom LLC, enters the exchange.

Speculative token price increase

All our project implementation efforts: reacquisition procedure, large number of tokens and low entry price (price per token) will encourage extensive investor activity on the stock exchange, which in turn will lead to a speculative increase of the token price. This will allow investors to exit the project and take profits at any time during the project implementation.

During the project implementation, we are trying to take the most open approach in relations with our investors. We assume that you may have some doubts about our project success and we'd like to give answers to the main questions in advance:

Decrease in domestic demand and issues related to product sales. Peat is an export-oriented commodity. According to our forecasts, up to 80% of our sales will be due to export to Middle East and Southeast Asia. Owing to lack of own fertile land, these regions have long standing issues with importing agriculturally suitable soils, and this is a question of high importance for food security of the country and the population.

Regulatory measures by the Russian Federation legislation. The parent company that initiates ICO, issues PeatCoin tokens, accepts investments and acts as counterparty for tokens reacquisition, is registered in British Virgin Islands (BVI). BVI jurisdiction is subject to English law. After ICO, the investments will be converted into fiat money and transferred to Ecoprom LLC, located in the Russian Federation, by means of a currency, interest-bearing loan. Thus, we will be able to avoid problems with the Russian Federation legislation, which hasn't delineate tokens and cryptocurrencies so far, meaning that any cryptocurrencies and tokens are not regulated (not prohibited, but not entirely legal as well, as the Russian Federation has not approved any regulations for them yet).

The risk of non-fulfilment of the declared business efficiency and profit obligations by the company. Our company has started its activity in 2015, and throughout our history we have been showing consistent growth in main products volume and revenues. We have extensive experience in this business area and have established relationships with all major consumers of our products. Moreover, our unique location helps us to be effectively competitive in the Middle East and Southeast Asia markets. The distinguishing feature of our company, setting us apart from many others entering ICO field, is that we are not a start-up and have a history of successful operation. We have a solid team (the staff comprises of 150 employees) and we have been successfully growing since the foundation of our company. Currently, the personal investments of the team members in this project exceed 16 million US dollars. Ecoprom LLC has a land use license for the Chistoye field for a period of 25 years. We also plan to expand our large work team, creating additional jobs. Currently, our company is one of the largest taxpayers in the Rzhevsky district of the Sverdlovsk region.

The advantages of this investment project, in general, can be represented as follows:

- High investment attractiveness, according the market situation calculations;
- Insignificant risks for investors, due to a well-established business model and product sale prospects both within the Russian Federation and in the markets of China, South Korea, Vietnam and other countries.

In our opinion, peat is currently an undervalued asset and a number of related business lines can be arranged around it:



Power plant construction



Construction of greenhouses and agricultural production

Power station

Fundamental economic advantages of peat are exposed when using it as a local source of fuel. In case of peat burning within 100 km from the extraction site, it is, on average, 15-20% less expensive than gas and coal, while being many times more environmentally friendly. Coincidentally, Finnish and Canadian techniques and equipment used by our company allow for a substantially increase in this indicator.

In 2016, peat was made equal to renewable energy sources in the Russian Federation, and received a number of preferential advantages from the government. Thus, power line construction from a power plant to the grid connection point is compensated by the government; the government obliges distribution companies to purchase all electric power produced at such power plant at producer's price (at a tariff agreed by regional energy supply companies), and not at the market price.

Provided this project is implemented, we will also be able to generate cheaper electric and heat energy. We plan to use some of this energy to acquire computing capacities (build a mining farm). More detailed calculations will be provided at the start of the corresponding project.

Benefits:

- Peat burning is possible with low air supply. Peat has long burning time and leaves little ash, since it contains bound oxygen;
- Peat combustion products are excellent fertilizers for agriculture and crop production;
- When burning, peat releases small amount of harmful substances, thus being environmentally friendly;
- Due to the high calorific value, milled peat allows to reduce the production costs of 1 Gcal of heat by 15-20% compared to coal;
- The calorific value of peat briquettes is approximately 5000 kcal/kg, which is similar to coal characteristics.

Greenhouses

A by-product of electricity generation is heat energy, which needs to be utilized. For rational use of this energy, we propose to arrange a greenhouse farm as a part of our company.

Market background:

- Sverdlovsk region climatic zone does not allow growing agricultural products in open fields;
- Population of Sverdlovsk region is about 4.3 million;
- In 2017, croppage of field and protected soil industrially cultivated vegetables in Sverdlovsk region amounted to approximately 66.6 thousand tones, including field vegetables in the amount of 54.0 thousand tonnes and protected soil vegetables in the amount of 12.6 thousand tonnes. However, about 50% of vegetables demand is satisfied by supply from other regions or countries.

Technological background:

- Availability of free areas, fields left after peat extraction;
- Availability of own fertile soils;
- Availability of unutilized thermal energy from the power plant.



Ecoprom LLC top managers



ALEXANDER AVACHEV

/ Company Founder

Graduated from Ural State Mining University in 1983 majoring as mining engineer.

Worked in Primorsky Krai as the head of the Mine construction directorate. Since 1991, works in private business sector. Had successful investment activity in the stock market, since 2004 participated in the establishment of NP Market Council Association of the wholesale electricity market, participated in creating regulations for the wholesale electricity market for several years, was a member of the conflict committee of the NP Market Council. In 2011 worked as Deputy General Director in Energy field of "Ural Industrial – Ural Polar" OJSC.

Has founded Ecoprom LLC in 2012.



ALLA NAUMOVA

/ CFO,
Works in the company since 2015

Graduated from Tashkent Institute of National Economy in 1987 with a degree in economics; graduated from Tashkent Financial Institute in 1997 majoring as auditor; graduated from Moscow Institute named by Plekhanov in 2002 and received a certificate of accountant.

Has the total work experience of 38 years, holding the position of financial expert for 10 years in Stroimaterialy Production Association (production of construction materials; 1,000 employees) in Tashkent region. Worked for 5 years in the engineering company as Deputy General Director for Finance and Economics, performing duties of the chief accountant (contract works on repairs and commissioning at the metallurgical plant; over 700 employees). After moving to St. Petersburg in 1997, worked as CFO in a construction company. Since 2002, after moving to Moscow, worked in an engineering company as a CFO (combining duties of the chief accountant).



ELENA OBUKHOVICH

/ CEO,
Works in the company since 2016

Graduated from St. Petersburg University of Engineering and Economics with a degree in economics.

Began her career in Uniland-Yekaterinburg CJSC as a specialist. After 10 years has left Uniland CJSC, being the Head of Tender Department, at the invitation to Laktalis Vostok CJSC for a similar position. Three months later was transferred to the position of Head of the department, being responsible for "Russian Federation" zone (President, Galbani, Locatelli, Parmalat brands). Extensive experience of cooperation with international trading, distribution and production companies. Has created three successful start-up projects. Co-founder of Zoozaschita Non-Profit Organization and Charity Fund.



SERGEY SEMENOV

/ Head of the production site

Graduated from Pskov State Polytechnic Institute as an electrical engineer.

Began his career as a worker in "My House Project". Three years later had been assigned to a middle level management position in Pskovelektrosvar CJSC, and another two years later — the head of the shop.

**TATIANA ZAKOLENKINA**

/ Chief Accountant, Works in the company since 2015

Graduated from Magnitogorsk Trade Institute in 1988 as an accountant, International Institute of Economics and Law in Moscow in 2004 majoring in economics, Moscow University for Finance and Industry "Synergy" in 2013 majoring in financial management.

Has the total work experience of 29 years, worked for 15 years in Belmetkombinat Operational Supply Department in the city of Beloretsk (over 700 employees). Started her career as an accountant, was dismissed from position of the Head of Financial Department after the company dissolution. Worked for 8 years in CFO position in STIN Manufacturing Company LLC in the city of Beloretsk (over 600 employees).

**VADIM ZAKHAROV**

/ Head of the extraction site, Works in the company since 2014

Graduated from Ural State Forestry Academy as a forestry engineer.

Began his career by profession as an engineer of the wood preparation shop at Turinsky Pulp and Paper Mill CJSC. Continued as the Head of Sawmilling and Woodworking in Rostok SPK. Worked for Zavod Resurs LLC as the Head of MDF Processing Department later on.

The production facility staff includes:

36

tractor operators

22

engineers

12

production line operators

80

workers

ICO TEAM

**DMITRY PODUZOV**

Graduated from Sverdlovsk Institute of National Economy as an engineer-economist.

Experience: worked at managerial positions in private and public institutions.

**IVAN PODUZOV**

Graduated from Ural State Law Academy, majoring in jurisprudence as well as the Presidential Program in Finance Management.

Experience: top management of commercial structures, foundation of own companies and investing in the operating business. Professional manager in sales and marketing.