

Budget Assumptions

Item	Value	Comment
Revenues		
Revenue from Monthly Gas Sales from demo unit	\$ 5,000	would equate to selling ~50% of gas, if operated in linear mode for 6 hr/day; 4days/week; 20weeks/yr
Hire of system for testing waste streams	\$ 10,000	per month after month 15
Contracts - 1		
Contract deposit on 100kW Unit	6	times the lease rate plus fixed infrastructure value
Contract deposit on 100kW Unit	\$ 479,597	\$ value of client deposit, based on assumption above
Sales - Treatment Service	\$ 103,353	see Plasma Arc Economics
Sales - Metal Cutting Gas	\$ 296,467	see Plasma Arc Economics
Contracts - I		
Contract deposit on 250kW Unit	8	times the lease rate plus fixed infrastructure value
Contract deposit on 250kW Unit	\$ 1,461,132	\$ value of client deposit, based on assumption above
Sales - Treatment Service	\$ 10,950	see Plasma Arc Economics
Sales - Metal Cutting Gas	\$ 425,342	see Plasma Arc Economics
Variable Expenses		
Demo Plant		
General Process Operation (e.g. Electrodes, power)	\$ 1,250	monthly operational costs (based on MagneGas US values) if demo plant were operated 50 hour per week operation at \$6/hr,
Monthly cost of Sub-Contractors	\$ 10,417	100 person days (8hr day) @ \$125/hr plus 25% operating costs. Provisional budget for trades contractors e.g. Electricians, gas mechanics etc. Trades expertise will be needed at each site.
Monthly Chemical Analysis	\$ 2,500	\$30k budget for analysis each year.
Monthly Transport of Demo Unit between sites	\$ 3,156	prices based on general mileage quotation from NOX (\$1.53/km) which has been increased by 40%. Estimated 340km distance between trial sites; moved every 2 weeks.
Contracts - 1 Monthly 100kW operating expense	\$ 102,588	see Plasma Arc Economics
Contracts - I Monthly 250kW operating expense	\$ 220,775	see Plasma Arc Economics
Fixed Expenses		
Company Establishment		
Solicitor	\$ 60,000	establishment costs, legal contracts for distribution agreement, shareholders agreement, company structure etc
Cost of first contract with Client	\$ 60,000	the first contract will be most expensive. This contract will set in place a 5-10year relationship with a client.
Cost of subsequent contracts with Clients	\$ 20,000	subsequent client contracts will be cheaper than the first because of similarities in contract structure.
start Up Contracting Expenses	\$ 150,000	travel to US, business financials and plan, strategic establishment
Engineering Input into setup strategy	\$ 75,000	engineering setup for demo plant, aiding strategy and links into industry
Engineering Design/Costing of Contracts	\$ 100,000	engineering design, costing so that contracts can be negotiated
Management		
Monthly CEO Salary (Year 1 & 2)	\$ 9,083	\$100k plus 9% super per annum
Monthly CEO Salary (Year 3)	\$ 20,833	Increased CEO salary for year 3, to reflect the expanding structure of MagneGas. \$250k per annum
Strategic Management Salary (Year 3)	\$ 83,333	5 Full Time Equivalents at \$200k. (CFO, Contracts Manager, Operational Manager, 2xBusiness Development Managers)
Monthly Office - stationary, postage	\$ 500	budget estimate (year 1,2)
Monthly Office - telephone (mobile, landline)	\$ 800	mobile phone, telephone calls national and international (year 1,2)
Monthly Office - internet, computers	\$ 700	internet use, computer equipment for office, software, and software licences (e.g. Sales force) (year 1,2)
Monthly Office - rent	\$ 300	office space to rent (year 1,2)
Monthly Office - stationary, postage	\$ 2,500	budget estimate (year 3)
Monthly Office - telephone (mobile, landline)	\$ 4,000	mobile phone, telephone calls national and international (year 3)
Monthly Office - internet, computers	\$ 3,500	internet use, computer equipment for office, software, and software licences (e.g. Sales force) (year 3)
MagneGas Holdings Licence Fee		variable percentage based on revenue
Monthly Office - rent	\$ 1,500	office space to rent (year 3)
Monthly Travel allowance	\$ 2,000	Based on 2 directors travelling once per month - \$600 flight plus \$400 food/accommodation for 2 days
CEO Car	\$ 1,000	monthly leasing cost plus fuel
Fuel	\$ 800	monthly fuel spend for travel
Contract Negotiation - No directors per travel	2	No directors travelling per month for contract negotiations
Contract Negotiation - flight cost	\$ 600	cost per round trip flight
Contract Negotiation - accommodation/food cost	\$ 200	food/accommodation allowance per person per day - away 2 days
Contract Negotiation - hosting expense	\$ 360	Hosting expenses (6 persons x \$60 per head)
Contract Negotiations - total	\$ 2,360	based on directors travelling once per month
Monthly Book keeping fee	\$ 910	based on hiring an administration assistant at \$30/hr (includes super, training, PAYG) for 7 hours per week.
Conferences and Exhibitions	\$ 40,000	2 x conference exhibitions (\$10k) plus 4 conferences x 2 directors @ \$2500 per conference per year
Bank Charges	\$ 200	per month bank fees, credit card annual fees etc

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Demo Plant		
Rented CNG Generator to power demo unit	\$ 7,410	Monthly cost, based on \$1710 per week, quoted from Total Generators
Dept M&E gas certification for operation	\$ 30,000	budgeted amount to establish gas certification of demo plant with DME. Based on contracting Total Generators staff.
Initial Training in USA - airfares	\$ 11,400	\$3800 airfares for CEO plus 2 operators
Initial Training in USA - accommodation	\$ 5,400	accommodation at \$150 per night per person x 12 days overnight in US, for CEO plus 2 operators
Initial Training in USA - food	\$ 4,680	food at \$120pp for 12 days in US plus 1 day travel, for CEO plus 2 operators
Initial Training in USA - car	\$ 2,000	2 cars @ 2 week hire at \$500 per car per week.
Initial Training in USA - engineer	\$ 10,000	budget for project engineer (flights, accommodation, food, time) to visit US for 1week during training
Initial Training in USA	\$ 33,480	total costs for Initial training in USA
Additional Training provision in USA	\$ 16,320	training for 2 operators. Cost based on 2/3 (airfare, accommodation, food) cost as above plus car hire
Freight and Customs	\$ 25,000	demo plant from USA to Aust. Based on quote from STO freight forwarding company.
Transport of Unit brisbane to Townsville	\$ 9,000	quoted from NQX
Plant Operators x 2 (year 1 - part time)	\$ 13,339	\$109k per operator, paid pro-rata on 35 weeks per year
Plant Operators x 2 (from year 2 - full time)	\$ 18,167	\$109k per operator.
Travel Expenses (year 1)	\$ 11,511	\$250 per day and travelling 28 out of 35 week (5 days per week), plus \$600 flights each week
Travel Expenses (from year 2)	\$ 13,875	\$250 per day and travelling 45 week (5 days per week), plus \$600 flights each week
Insurances (5% for PI, Pl, Equipment damage)	\$ 4,069	per month. Based on 5% of equipment capital cost, to cover insurance for Public liability and professional indemnity, and equipment damage.
Marketing		
Public Relations	\$ 6,000	per month. Quote from In Touch Media to manage PR
Metal Cutting Road Show	\$ 14,000	cost to bring Rich Connelly (metal cutting expert) to Oz. Includes flight, accommodation/food for 1 week, plus consultancy rates
Event Demonstrations	\$ 10,000	catering and promotion of demonstration events
Web Page Development	\$ 10,000	internet investment per year.
Marketing Tools e.g. Brochures, B-cards	\$ 10,000	marketing tools budget each year
Combusion Trial	\$ 70,000	quotation from the Australian Combustion Technology Centre (ACTC) to independently conduct an efficiency trial on a pilot Boiler Simulation furnace (BSF). Quote \$49k, but have allowed for 1 extra day trials at \$16k per day and \$5k management
Capital Costs		
Demonstration		
Plasma Arc demonstration equipment	\$ 976,471	\$1m USD for demo plant, less capital cost of trailer and generator
Demonstration Generator & Analyser	\$ 20,000	prices based on doubling of hourly operational costs put forward by MagneGas USA
Gas Storage		
gas bottles	\$ 15,000	high pressure gas bottles budgeted at \$500 per bottle, multiplied by 30 bottles.
Contracts - Fixed Infrastructure Value		
	\$ 308,000	20% of equip. value to pay for civil works e.g. concrete plinth, access platform, safety rails etc
Contracts - I Fixed Infrastructure Value		
	\$ 838,360	20% of equip value to pay for civil works e.g. concrete plinth, access platform, safety rails etc
Financed		
Demo Plant		
Leased 45ft trailer to house demo equipment	\$1,968.75	asset value used is \$75k, quote from MaxiCube -\$64k, leased over 3 years at 12%, with balloon value of 30%.
gas transport vehicle	\$2,143.37	Isuzu light truck leased, value at \$100k, leased over 4 years at 12%, with balloon value of 30%.
Contracts - Equipment Value (Non Fixed Infrastructure)		
Lease rate	\$ 1,540,000	price quoted from US + 10% for transport and general management. Exchange rate 0.9 USD: AUD
lease term	12%	
end of lease ballon value	5 years	
Equipment lease cost	30%	of equipment value
	\$28,599.51	
Contracts - I Equipment Value (Non Fixed Infrastructure)		
Lease rate	\$ 4,191,801	price quoted from US + 10% for transport and general management. Exchange rate 0.9 USD: AUD
lease term	12%	
end of lease ballon value	5 years	
Equipment lease cost	30%	of equipment value
	\$77,846.42	