



EarthRock™ Conveyor Belts

First-cost manufacturer for the mining, construction, material handling, energy and railway industries – featuring EarthRock™ Conveyor Belts & Systems

- EarthRock™ Conveyor Belts (RMA I, II, DIN Y, W, X), CEMA Systems and Components
- Large Diameter Steel Tires, Oversized Trunnions, AGMA Girth Gears & Carburized Pinions
- Rotary Kilns, Dryers, Mills, Pressure Vessels, Railway Turn-outs, Castings and Weldments
- Drill Steels, Striker Bars, Bits, Jaw Crusher Plates, Blow Bars and Accessories



Introduction

China Navigators, LLC, is a custom manufacturer of "Original Equipment Components" in China for USA companies. Since 2005 we have manufactured a variety of OEM structural weldments, castings, forgings, conveyor belts, girth gears, pinions, steel tires, trunnions, kiln shells and other fabricated steel components for the US, mining, construction, material handling, railroad and electrical power grid industry. We understand and adhere to international standards and provide manufacturing inspection reports and authentic material certificates for the goods we make.

This brochure has been prepared for prospective Clients to review and become familiar with the OEM manufacturing capabilities of China Navigators, LLC. We hope that you will give consideration to "teaming" with China Navigators, LLC as your OEM supplier. Please refer to our website at www.chinanavigators.com for additional information.

Sincerely,

Dan Antonucci
Managing Partner & Founder



China Navigators, LLC is an American company partnered with several key manufacturing facilities in China. Our partners have been fully vetted and proven in their capabilities over many years. We are **NOT** a manufacturer's representative - **we are a manufacturer** and we manage the OEM production of our Clients' products from drawings to delivery. We maintain plant and office facilities in mainland China and provide "first-cost" top quality OEM manufactured industrial products to our Clients' exact specifications.

Teaming for Cost Reductions

As a cost-conscious decision maker I am asking you to consider the possibility of "teaming" with China Navigators, LLC to significantly lower your operating and maintenance costs for the components that you currently make or use in your own factory, or that you currently purchase from outside sources. Our Clients typically experience impressive cost reductions when cooperating closely with us and our manufacturing Partners in China. These cost savings immediately translate to the bottom line of your P&L enhancing profitability whether sales are increasing or just staying the same. We work with our Clients to develop aggressive supply strategies to make them more competitive, more profitable and ultimately more responsive to their customer's needs. We perform our work for our Clients with accountability and reliability and we **do not cut corners**. We are your long-term manufacturing partner.

OEM Benefits

Our experience allows us to have the greatest impact on our Client's cost saving goals when we have the opportunity to work collaboratively with them on their cost reduction initiatives. We know the language, the culture and how to navigate the complexities of offshore manufacturing and procurement in China while identifying and managing the entire production process. We handle the communications in English and work with your engineers and procurement staff in the overall order, manufacturing, inspection and delivery process. At China Navigators, LLC our Partner teams of engineers, manufacturing personnel, QC/QA specialists and supply chain experts are dedicated to providing our Clients with the parts and products they need to meet the manufacturing standards our Clients expect.

Precision Manufacturing to Client's exact Drawings and Specifications



Technical Certifications

For your understanding and assurance be informed that our key manufacturing Partner's in China maintain certifications by the American Welding Society (AWS) and equivalent, the American Institute of Steel Construction, Inc. (AISC), the Canadian Welding Bureau, the German Constructor's qualification for welding steel structures according to DIN 18800-7:2009-09; ISO certification and adhere to ASTM, ASME, MSHA and other internationally recognized standards. We are vertically integrated from receiving and processing our steel to rolling, shaping, forming, machining, heat treating, in-house spectrum analysis testing, ultrasonic testing of welds, painting, assembly, packaging and delivery to our Clients' door in the USA...or anywhere else around the world for that matter. All material certificates are authenticated, traced and provided to our Clients with the finished products.



Project Management

We directly control the manufacturing process, quality control, on-time delivery, reliability, integration, English communications and technical cooperation that our Clients expect when outsourcing their product manufacturing. We combine our core competencies in engineering, manufacturing, quality control, inventory management, logistics and procurement with our extensive and in-depth knowledge of the manufacturing processes in China. We provide our Clients with seamless product manufacturing and sourcing that complies with USA engineering standards and processes.



"Integrity & Performance Matters"

Payments and Shipping

Payment is always in US dollars with terms that are mutually agreeable. China Navigators, LLC also handles shipping, logistics, customs clearance and delivery to your door... generally at no additional cost to the Client. Also, it is our policy NOT to mark-up shipping costs thereby minimizing this expense to the Client.



China Navigators, LLC
Original Equipment Manufacturer
GLOBAL REACH FOR LOCAL NEEDS

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The China Advantage

China continues to emerge from an internally planned domestic economy to a market based export economy. In past years not all Chinese manufacturers were permitted to directly export their products to overseas markets. Instead, they had to go through "agents" in Hong Kong. Even today not all manufacturers in China have the right to export. However, our carefully selected Partners in China do have that right and want a direct route to the USA and other foreign markets. To succeed our Partners know that they have to offer competitive pricing at the highest quality levels. China Navigators, LLC has partnered with these selected manufacturers and we monitor our Chinese Partners to keep their prices low, quality high and in compliance with the drawings and standards specified by our Clients.

(See China Navigators, LLC OEM Structure Chart on reverse side of this page)

Example of Profit Increase by Reducing Costs

| Simplified P&L based upon \$20 million in annual sales | Current P&L | | Reduce COGS 10% | | Increase Sales 10% | |
|---|----------------|------|-----------------|------|--------------------|------|
| | US \$ | % | US \$ | % | US \$ | % |
| Gross Sales | \$20,000,000 | 100% | \$20,000,000 | 100% | \$22,000,000 | 100% |
| Cost of Goods Sold (COGS) | (\$15,000,000) | 75% | (\$13,500,000) | 68% | (\$16,500,000) | 75% |
| Gross Margin | \$5,000,000 | 25% | \$6,500,000 | 33% | \$5,500,000 | 25% |
| Sales, G&A Expenses | (\$3,000,000) | | (\$3,000,000) | | (\$3,000,000) | |
| Total COGS + Expenses | (\$18,000,000) | 90% | (\$16,500,000) | 83% | (\$19,500,000) | 89% |
| Operating Profit (before int. & tax) | \$2,000,000 | 10% | \$3,500,000 | 18% | \$2,500,000 | 11% |

\$1,500,000

\$500,000

A 10% reduction in the COGS increases Operating Profit by 8%, i.e. \$1,500,000
vs.

A 10% increase in Sales increases Operating Profit by 1%, i.e. \$500,000

Note: This assumes NO INCREASE in S/G&A.....unrealistic for a 10% \$2,000,000 increase in Sales.



OEM OBJECTIVES

1. Reduce product cost
2. Expand manufacturing capability
3. Maximize use of available capital
4. Outsource difficult products
5. Obtain reliable delivery

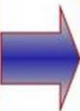
OEM STRUCTURE



USA and CHINA

OUR CAPABILITIES, PARTNERS AND PROCESSES

| | |
|---|---|
| 1. Develop a cost reduction program with the client | 6. All communications in English |
| 2. Review incoming drawings and provide quotation | 7. On-site visits to client's facilities |
| 3. Establish manufacturing to OEM specifications | 8. Package, ship and track product delivery |
| 4. Create tooling and produce FAI samples | 9. Bi-weekly project status report |
| 5. On-site management of the production process | 10. Invoice and payment in US dollars |

| | | | | |
|--|--|--|--|---|
| <u>PARTNER 1</u> Steel tires, trunnions, rotary kilns, dryers, agglomerators, pressure vessels, girth gears and carburized pinions | <u>PARTNER 2</u> EarthRock™ Conveyor Belts: Steel Cord & EP Fabric up to 102" width; Solid Woven up to 87" width; Pipe conveyor belts of large diameter and length | <u>PARTNER 3</u> CEMA rated conveyor systems; components of pulleys, idlers, take-up devices, frame and roller assemblies with SKF sealed bearings | <u>PARTNER 4</u> Steel weldments, large castings, forgings, machined parts, track wheels, AISC bridge structures, railway turnouts, frogs and components | <u>PARTNER 5</u> Segmented girth gears, pinions, mounting springs, motors, auxiliary drives, lubrication systems, bedplates, coupling and guards. |
| <u>PARTNER 6 & 7</u> Drill steels, striker bars, bits, jaw crusher plates, blow bars and accessories | <u>PARTNER 8</u> Low-pressure method for custom aluminum castings, machining export packing and delivery. Up to 4,200 lbs and size 5' x 8' x 20' |  <div>EXPORT FINISHED PRODUCT TO FINAL DESTINATION</div> | | |

Dan Antonucci's biography

Prior to founding China Navigators, LLC, Dan had served in numerous executive level positions at several international mining, construction and transportation related companies. His last position before China Navigators, LLC was Vice President of Asia/Director International Marketing & Sales for Union Switch & Signal Inc (Ansaldo STS), a 130 year old railroad and signaling product's company headquartered in Pittsburgh, Pennsylvania, USA. See: Ansaldo STS www.ansaldo-sts.com). In the late '90's Dan conceived, implemented and managed the China Offshore Manufacturing and Procurement Program at US&S which resulted in substantial cost reductions for the US&S railroad and transit products manufactured in China. Since leaving US&S in 2005 and forming China Navigators, LLC, Dan has saved several Clients substantial sums by manufacturing their products in China. Dan's international career spans over 30 years of experience in the mining, steel, transportation and construction equipment industries. Dan has developed an extensive network of contacts across Asia with deep relationships in the Material Handling and Railway Industry in China and has worked with government and private manufacturers, steel mills and foundries in China who produce high quality, reliable railway, construction and industrial related products. Dan holds a Bachelor of Science degree from Robert Morris University and has been certified in the executive training program of Krauthammer EKSA Management S.A., Fribourg, Switzerland, and also the Leadership Training Program at Duquesne University. Dan is based in the USA and travels to China frequently for extended periods to oversee China Navigators, LLC Client's manufacturing projects together with his North and East China on-site teams. Dan can be reached via e-mail at dan@chinanavigators.com, or by telephone at: 412-956-3577 and 412-344-6860 (USA) and in China at: 011-86-13816695339.

